Daily Report

Central Eurasia

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Baltic, Nordic Prime Ministers Confer in Vilnius

Baltic Leaders Meet 30 Jun

LD3006210995 Moscow ITAR-TASS World Service in Russian 1750 GMT 30 Jun 95

[By ITAR-TASS correspondent Vladas Burbulis]

[FBIS Translated Text] Vilnius, 30 Jun (ITAR-TASS) — A meeting between Lithuanian, Latvian, and Estonian delegations led by Adolfas Slezevicius, Maris Gailis, and Tiit Vahi, the prime ministers of these countries, took place in the Lithuanian capital today.

As a result of the meeting, the heads of government signed a treaty on mutual return of illegal immigrants, a protocol to this treaty that outlines the procedure for the return of refugees, and a joint statement on the work of the Council of Ministers of the Baltic states.

They discussed setting up a customs union of the Baltic states, trade in agricultural goods, projects for the protection of state borders, and also the creation of a system to control flights over the territories of Lithuania, Latvia, and Estonia.

The heads of the Baltic governments also discussed the draft agenda for and agreed their positions at the upcoming meeting between the prime ministers of Lithuania, Latvia, and Estonia and their counterparts from Denmark, Norway, Sweden, Finland, and Iceland that will be held in Vilnius tomorrow.

Ministers Discuss Travel by Non-Citizens

LD3006144095 Riga Radio Riga Network in Latvian 1100 GMT 30 Jun 95

[FBIS Translated Text] [Latvian] Prime Minister Maris Gailis met with Lithuanian Interior Minister Romasis Vaitiekunas and Estonian Interior Minister Edgar Savisaar today. Latvian Interior Minister Janis Adamsons also took part in the talks. The meeting focused on an agreement between the three Baltic states on a visa-free regime, according to which from 1 July permanent residents of the Baltic states will not be able to cross the borders of neighboring republics using the internal passports of the former USSR. However, passports for non-citizens of the Republic of Latvia have not yet been printed and external Soviet passports are in short supply. Therefore, it was agreed to tackle this problem.

Representatives of the Baltic states will discuss separately whether to postpone the agreement or make amendments to it.

Free Trade Agreement Discussed

LD0107073795 Tallinn Radio Tallinn Network in Estonian 1700 GMT 30 Jun 95

[FBIS Translated Excerpt] We will begin from Vilnius where the Baltic states' prime ministers met today. Government press secretary Maarika Saarna-Siimann is on the telephone.

[Saarna-Siimann] [Passage omitted] It was concluded that now that all three Baltic states have signed the European Union association agreement, mutual cooperation must be further enhanced. Of particular importance here are the standardization of legislation and adherence to agreements already concluded, as well as keeping all promises.

The Estonian-Latvian free trade agreement was on the agenda. Namely, it has in principle been agreed that free trade principles are followed, with the exception of a few groups of goods. However, when Latvia listed the goods it would not like to subject to free trade principles at present, it came to light that it covered practically the complete list of Estonian farm produce. So, there is still a lot of serious work to be done on this issue. Estonian Prime Minister Tiit Vahi said that Estonia in any case supports liberal trade and that applies also to farm produce. [passage omitted]

Positions for tomorrow's meeting with the Nordic prime ministers were also coordinated. One of the key points on the agenda there will be security. [passage omitted]

Slezevicius, Vahi Confer 1 Jul

LD0107110995 Vilnius Radio Vilnius Network in Lithuanian 0900 GMT 1 Jul 95

[FBIS Translated Text] Before the meeting of the prime ministers of the Nordic and Baltic states in Vilnius this morning, Lithuanian Prime Minister Adolfas Slezevicius met Estonian Prime Minister Tiit Vahi.

The government's press spokesman reported that regional and international problems as well as various aspects of relations between the two countries were touched upon during the talks held by the two politicians. Measures for strengthening the role of the Baltic Council of Ministers, integration of the three states into the European Union, and other structures of the continent were discussed.

The Estonian prime minister drew attention to the fact that other Baltic states were also interested in more effective traffic on the Lithuanian-Polish border. Adolfas Slezevicius reported on Lithuania's efforts to improve the situation at the Lazdijai and Kalvarija border crossing points. Much is expected from the

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Kalvarija border crossing point, where as of September there will be twice as many border crossing control lanes.

Both sides expressed satisfaction with the agreement in the sphere of aviation transport, which is still being drafted. In the very near future the text of the document will be initialled. Already in July the ministers of transport are expected to sign the agreement in Palanga. The cooperation between Lithuanian and Estonian airlines will improve.

The idea of free trade between the Baltic states was also touched upon at the meeting. The Lithuanian prime minister said that according to the agreement on free trade with the European Union, tariffs are being applied for imported products for six years in order to protect Lithuanian producers of agricultural products. However, the produce of the Baltic states poses no threat to Lithuanian farmers, only guarantees must be given that under the cover of such an agreement produce of third countries does find its way into Lithuania.

Opinions were exchanged at the meeting of Lithuanian and Estonian prime ministers about interior and economic policies and granting of subsidies. In this respect the situation is similar in both countries. The idea of a visa union was discussed, although a better border control is needed to implement it.

The official delegations of both countries took part in the meeting.

Baltic, Nordic Prime Ministers Meet

LD0107122195 Vilnius Radio Vilnius Network in Lithuanian 1100 GMT 1 Jul 95

[Report by Zenonas Miksys at the meeting of prime ministers of the Baltic and Nordic states in Vilnius on 1 July — recorded]

[FBIS Translated Excerpt] [passage omitted on protocol ceremony outside the House of Government] Prime Minister Adolfas Slezevicius, one of the initiators of this meeting, opened the meeting of prime ministers of the Baltic and Nordic states, five plus three. As of today he has taken the post of chairman of the Baltic Council of Ministers.

He drew attention to the fact that the Baltic states have entered a new stage of political and economic development as associate members of the European Union. The Nordic states gave overwhelming support to the Baltic states in taking this important step that paved the way into Europe for them. All nations must participate in building the future of the continent, Adolfas Slezevicius said, and now an active role in this process has been given to the Baltic states.

The Lithuanian prime minister proposed a discussion of the results of the summit meeting in Cannes and the strategic tasks of today as the first item of the agenda of the meeting.

According to the government's spokesman for the press, Danish Prime Minister Poul Nyrup Rasmussen, who is also chairman of the Nordic Council of Ministers, stressed that integration into the European Union provided the Baltic states with a possibility of receiving financial, technological, and other kind of assistance. In the next five years several billion U.S. dollars have been earmarked for support to the new European Union members in East and Central Europe. It is very important that theoretical possibilities be turned into a practical assistance, he said.

Mr. Rasmussen suggested that the Baltic states should work out an effective strategy in aspiring for full membership in the European Union and that in this sphere the Nordic states were prepared to give advice to the Baltic states.

As a separate issue on regional cooperation the Danish prime minister singled out relations with Russia and stressed that new iron curtains should not be created. The Danish premier proposed to give a new impetus to mutual relations and cooperation among the Baltic states themselves.

Prime Minister Tiit Vahi drew attention to the fact that new demands were given to his country as well as to all the three Baltic states by the European Union summit meeting in Cannes. This especially concerns the sphere of legislation because from now on our laws must correspond to the standards of democratic Europe, he said.

Unable To Settle Border Dispute

LD0107124995 Tallinn Radio Tallinn Network in Estonian 1200 GMT 1 Jul 95

[FBIS Translated Excerpt] During this morning's meeting between the Estonia and Latvian prime ministers in Vilnius, it was concluded that foreign experts must be consulted in order to seek a solution to the sea border issue, inasmuch as today no compromise solution was found. Latvia continues to hold the position that the disputed area near Ruhnu island [belongs to Estonia; at one point was in Latvian possession] should be called the common Estonian-Latvian domestic sea. Estonia would not agree to this as it considers the area to be within its own economic zone under the Estonian law on the sea border.

Estonian Prime Minister Tiit Vahi discussed with both Latvian Prime Minister Maris Gailis and Lithuanian

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Prime Minister Adolfas Slezevicius the strengthening of the controls on the eastern border. Vahi emphasized that Estonia is strengthening visa regulations with Russia and is making them tougher, and intends to abolish temporary passes for crossing the Estonian-Russian border. Estonia is expecting that Latvia and Lithuania would follow suit before the common Baltic visa union can be discussed. [passage omitted: about known problems with free trade with Latvia]

Lithuanian Prime Minister Adolfas Slezevicius said at his meeting with Vahi that in principle Lithuania was prepared not to impose customs restrictions on Estonian and Latvian farm produce provided the influx of cheap imported goods onto the Lithuanian markets through the other Baltic states can be avoided. [passage omitted: meeting with Nordic ministers has begun]

Estonian Premier Interviewed

LD0107223695

[FBIS Editorial Report] Tallinn Radio Tallinn Network in Estonian at 1900 GMT on 1 July carries a 4-minute interview with Estonian Prime Minister Tiit Vahi following a meeting today in Vilnius of the prime ministers of the three Baltic states and the five Nordic countries.

Prime Minister Tiit Vahi comments on the summons by the Nordic countries for the Baltic states to strengthen their border with Russia: "Not only the Nordic countries called for this, but first and foremost Estonia. We must tighten our eastern border so we can achieve visa-free travel with Finland, Sweden, and Norway. The practice where all sorts of temporary documents are being used should be abolished. We informed the other Baltic states of our intentions, and Latvia and Lithuania replied that this does not currently feature in their projects, but they acknowledged our information.

"There is a similar situation with the [Baltic] customs union: Estonia's economic policy has been the most liberal one. We have agreed on a free-trade agreement on industrial goods, but on agricultural goods we have not gotten very far."

Vahi adds that the meeting with the Nordic prime ministers focused on the new situation that has arisen since the Baltic states signed the EU association agreements and since the Cannes summit: "Our main tasks are to harmonize our legislation, quality standards, and our structures with those of the EU. The faster we can do this, the sooner it will be possible for us to gain full EU membership. I am glad that the Nordic countries support us."

Vahi continues: "The security issues in the Baltic region were also discussed. In the context of security guarantees, the main issue is that the instability in the east should not spread to this region."

Vahi comments on the Nordic countries' advice for the Baltic states to develop projects that can be supported by the EU: "We proposed projects on developing infrastructure and environmental protection, but also projects to harmonize Estonia's legislation, and economic and state structures."

Baltic Interior Ministers Sign Anti-Crime Pact

WS0307114995 Tallinn BNS in English 1600 GMT 30 Jun 95

[FBIS Transcribed Text] Riga, June 30, BNS — Baltic states' Interior Ministers Janis Adamsons, Romasis Vaitekunas and Edgar Savisaar signed Friday in the Latvian Interior Ministry an agreement on curbing the organized crime.

Vaitekunas said that the Interior Ministry officials have also been cooperating so far in curbing the organized crime and smuggling but the cooperation was based only on bilateral agreements.

The signed agreement is one of the most important of six cooperation agreements signed between the Baltic states during last eight months, Gunars Meierovics, Foreign Ministry State Minister in Baltic and Nordic states' issues noted during the meeting.

The Baltic states' Interior Ministers met also with Latvian Prime Minister Maris Gailis and discussed a visa free regime agreement as well as Latvia's plan to include border guarding service into the ministry's structure like it is in Lithuania and Estonia.

ITAR-TASS Carries Press Review for 1 Jul

LD0107070995 Moscow ITAR-TASS in English 0651 GMT 1 Jul 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW July 1 (ITAR-TASS) — "Government reshuffling decisions" by President Boris Yeltsin on sacking power-wielding ministers have not hit headlines of today's Russian newspapers.

They comment on reports from a meeting of the Russian Security Council which, according to the IZVESTIYA newspaper, "created a semblance of preparations for a series of sweeping reshufflings which the Russian politicized public has been waiting for long".

IZVESTIYA's analytical centre prepared an article on the situation at "the top echelon" after the Security Council meeting which examined the Budennovsk

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events. The centre tries "to decode" the present situation and link it with an intention by power-wielding ministers and other responsible officials to resign "voluntarily" if the president expresses a desire.

The newspaper is sceptic about hasty statements that Yeltsin will fire power-wielding ministers. It is more likely, the newspaper continues, that he will decide against resignations not to create vacuum around himself.

The ROSSIYSKIYE VESTI newspaper, close to the presidential quarters, comments on today's voting by the Duma on no-confidence in the government.

"No matter what the outcome of the crisis will be, great the temptation is to see in it a confirmation of the known logic that historic tragedies repeat themselves in the form of a farce: shots of October 1993 (the daily has in mind the abortive state coup of October 1993) have been replaced with a political barter — 'you give us power-wielding ministers, we give you a confidence vote'," the newspaper writes.

"The tone and essence of this brazenly bizarre operation really resembles a poor farce," the daily concludes.

The PRAVDA newspaper abides by the same opinion. It calls the Duma debate on the no-confidence vote in the government "an advertising event by the Kremlin".

The government newspaper ROSSIYSKAYA GAZETA is convinced that "the unbiased and exacting discussion at the Security Council meeting as well as painstaking examination and clarification of real reasons for the events in Budennovsk can become a starting point for resolving the present difficult political situation".

"Despite all difficulties, it looks like the two arms of government have found a compromise to overcome the crisis after numerous consultations," the newspaper adds.

Commenting on the progress of talks in Groznyy between the federal delegation and representatives from separatist leader Dzhokhar Dudayev, IZVESTIYA claims that a stalemate is possible at the talks.

Although Dudayev's side agreed to a zero version proposed by Moscow (that is simultaneous resignation of the present and the previous Chechnya governments and formation of a coalition cabinet), this does not mean that the republic's population will agree to this, the daily writes.

Analysing the progress of talks on a peaceful settlement in Chechnya, the army newspaper KRASNAYA ZVEZDA draws the conclusion that "Dudayev's delegation plays its own game at the talks, as a result of which it plans to oust the opposition from active negotiating process with Moscow.

"The opposition will have all grounds for special relations in that case both with Moscow and with its efforts to settle the conflict," the daily notes.

The newspaper hails the Russian-American space experiment which was crowned with the docking between the Atlantis spaceship and the Mir orbital station, which will give "an impetus to cooperation on earth".

It turns out that Lenin was wounded not by Social Revolutionary Fani Kaplan but by his close aide Feliks Dzerzhinskiy, head of the All-Russian commission for struggle against counter-revolution.

This version, printed by ROSSIISKAYA GAZETA, was put forth by Aleksey Litvin, D.Sc. (History). The author claims that his close comrades-in-arms, parliament speaker Yakov Sverdlov and Dzerzhinskiy, wanted to get rid of Lenin. The author found many convincing, as he put it, facts and evidence to substantiate his version.

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Further on Meeting of Gore-Chernomyrdin Commission

Yeltsin Praises Commission's Work

LD3006140895 Moscow INTERFAX in English 1250 GMT 30 Jun 95

[FBIS Transcribed Text] MOSCOW, June 30 (INTERFAX) — Russian President Boris Yeltsin received U.S. Vice-President Al Gore Friday in the Kremlin.

According to the president's press service, Yeltsin "expressed satisfaction with the work of the Gore-Chernomyrdin commission, for example, its recent session, in which the results important for both sides were reached: questions associated with Russia's participation in post-COCOM [Coordinating Committee for Multilateral Export Controls] and control over missile technologies programs have been resolved."

Noting the fruitfulness of the Gore-Chernomyrdin work and the scope of the problems discussed by the commission, Yeltsin said that "in line with the understanding with Clinton, the presidents of Russia and the United States will continue to follow attentively the commission's work and offer it the necessary support," says the press service.

It also says that "also under discussion were questions associated with the restructuring of the Russian foreign debt, ensuring of its legal rights for a nondiscriminatory access to world markets, and the joining the World Trade Organization. Also discussed were the problems of disarmament and nuclear security. The two sides noted their mutual desire to make fruitful the G-8 meeting on nuclear security in Moscow in spring 1996."

Chernomyrdin, Gore Host News Briefing

LD3006135795 Moscow INTERFAX in English 1250 GMT 30 Jun 95

[FBIS Transcribed Text] MOSCOW, June 30 (INTERFAX) — Russia will become a co-founder of two international organizations, the first — on export control, the second — on missile technology non-proliferation. The announcement was made by Russia's Prime Minister Viktor Chernomyrdin at a news conference Friday following a session of the Russian-American Commission on Economic and Technological Cooperation.

Asked about the Russian-Iranian deal on the sale of nuclear reactors for a nuclear power plant to be built at Bushehr, Chernomyrdin replied that the issue was thoroughly examined and "would be further discussed since it requires much scrutiny." Chernomyrdin recalled that when he and Gore had discussed Russia's deal with Iran, they had agreed that no nuclear cooperation with Iran must provide it with the technology to create a nuclear weapon of its own. "We will do all we can so that Iran will never be able to produce a nuclear weapon," Chernomyrdin said.

Summing up the commission's work, Chernomyrdin jokingly remarked: "We can say that the Chernomyrdin-Gore joint venture has completed six months with stable and growing dividends," and has done quite well.

U.S. Vice President Al Gore also spoke highly of what the commission had achieved over two days of work, saying that the commission had become a permanent factor in U.S.-Russian relations.

He reported that he had thoroughly discussed with Chernomyrdin the problems of Russia's supply of conventional arms to Iran. According to Gore, the issue was reviewed in detail, and the two sides came to terms on it. Chernomyrdin confirmed that "mutually acceptable approaches to these problems were found."

TV Reports on News Conference

LD3006152495 Moscow Russian Public Television First Channel Network in Russian 1400 GMT 30 Jun 95

[From the "Novosti" newscast]

[FBIS Translated Text] Viktor Chernomyrdin and Albert Gore met this morning for the final session of the Russian-U.S. intergovernmental commission, to decide on about 20 joint projects. At least two of them are linked to deliveries of Russian weapons-grade uranium to the United States and to multimillion American investments as part of the Sakhalin-1 contract and these two are regarded by Moscow and Washington alike as epoch-making.

In all, as a result of the two days' work done by the commission, a package of 23 documents was signed, concerning Russian-American cooperation in power engineering, space, conversion, and other fields.

The Russian prime minister and the U.S. Vice President are not inclined to fall into euphoria concerning what was accomplished, but it is their view that the fifth session of the commission made it possible to bring closer a solution to the problem of the markets of both countries opening up toward each other and also of the growth of trade and investments.

[Begin Chernomyrdin recording] I am glad to tell you that following difficult and long talks and on the basis of an accord of principle between the presidents, the question of Russia's participation as a founder-member of a new international export control order and of our country's joining the international order of control over missile technologies has been finally agreed.

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Beginning with the next meetings, our representatives will sit at the same table as other participants of important forums. [end recording]

Having stated that the United States will support Russia's integration in the global economy, the Vice President let it be understood that Washington intends gradually to remove factors which hinder the penetration of the American market by Russian goods. [video shows news conference in progress]

Gore Meets Chernomyrdin 1 Jul

LD0107133195 Moscow INTERFAX in English 1316 GMT 1 Jul 95

[FBIS Transcribed Text] MOSCOW, July 1 (INTERFAX) — U.S. Vice President Albert Gore and Russia's Prime Minister Viktor Chernomyrdin held another, unplanned meeting in Moscow Saturday. The two statesmen are co-chairman of the bilateral intergovernmental commission for economic and technological cooperation.

The last, fifth session of the commission had ended prior to this with signing over two dozens of bilateral documents.

According to Russian government sources, the Saturday meeting summed up the results of the commission's work and outlined the scope of key issues to be discussed at its next session in the U.S.

Chernomyrdin informed Gore of the results of the State Duma emergency session on July 1 which failed to take another no-confidence vote.

Gore will end his four-day visit and leave Moscow for the U.S. Saturday afternoon.

Before meeting Gore, Chernomyrdin had been interviewed by Russian and U.S. journalists. Then, he reiterated that the power crisis was over and the government returned to its normal work on advancing market reforms.

Talks Provide Go-Ahead for Iran Reactor

MK010/072095 Moscow SEGODNYA in Russian 1 Jul 95 p 2

[Report by Pavel Felgengauer under the "Partnership" rubric: "Albert Gore Satisfies Russian Atomic Department. Russia Will Build an AES in Iran and Sell Uranium to the United States"]

[FBIS Translated Text] A high-ranking Russian Ministry of Atomic Energy spokesman has told your SEGODNYA correspondent that "considerable progress was achieved on many questions" during the sitting of the "Gore-Chernomyrdin" commission. In the Ministry of Atomic Energy they feared that the Americans could finally make Russia give up the AES [Atomic Electric Power Station] project in Bushehr. Viktor Chernomyrdin's statement that while the problem of reactors for Iran "will be further discussed," but that "cooperation with Iran in the field of nuclear energy should not result in the emergence in that state of its own nuclear arms," should be, in the mind of the Russian atomic department, interpreted in one way only: "There is no doubt: we will build the station; however, control measures on the part of the IAEA will be toughened."

Albert Gore stated that the United States intends to provide Russia with confidential information backing the American worry regarding this deal. Admittedly, the Ministry of Atomic Energy maintains that the Americans already provided such information during the May summit in Moscow, but "it contained no information — only conjecture." Ministry of Atomic Energy spokesmen, however, declined to reveal the essence of the American "conjectures" for publication owing to their completely confidential nature.

It also became possible to resolve all fundamental differences under an agreement on the delivery of 500 tonnes of surplus weapons-grade Russian uranium to the United States as nuclear fuel at a cost of $12 billion. This deal contravenes the current U.S. system of provision of fuel for power reactors where private AES's on their own buy natural uranium on the world market which they next hand over to a government-owned enrichment plant to be processed into fuel. Now, however, the U.S. Government will offer to the users Russian uranium that they did not ask the government to order for their reactors. For this reason, the Americans would like to pay only two-thirds of the contract price upon delivery of uranium from the Russian Federation and to pay the balance after the uranium is consumed, which may take months if uranium stocks grow too large. Their plan did not pan out, however, and they will have to pay in full on the dot for the dismantling of Russian warheads. In return, however, the United States demands full "transparency" — direct proof that the uranium really comes from "live" warheads. Corresponding procedures were also agreed, and soon (a month or two from now) a special delegation will leave for the United States to sign the final documents on the agreement.

Grachev, Secretary Perry Discuss Balkans

LD3006134595 Moscow INTERFAX in English 1250 GMT 30 Jun 95

[FBIS Transcribed Text] MOSCOW, June 30 (INTERFAX) — In Moscow Friday Russian Defense Minis-

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ter Pavel Grachev and U.S. Defense Secretary William Perry discussed developments in the Balkans, Russia's participation in NATO's Partnership For Peace program, and prospects for implementing START-2.

As INTERFAX learned from a participant in their working meeting, the two men considered prospects for conducting joint command post exercises connected with peacekeeping missions. Military experts from the two countries were instructed to work on this issue. The proposed exercises may take place as early as this year.

The two defense ministers decided to confer more frequently, and agreed to exchange working visits in the near future.

In answer to a question from INTERFAX a participant in the meeting said: "The American side did not raise issues concerning Russia's domestic policy."

After the meeting Grachev and Perry signed a memorandum on cooperation in environmental protection between the two countries' military establishments.

INTERFAX's correspondent reports that at the ceremony journalists were granted no opportunity to ask Grachev questions.

Kozyrev Addresses Swiss Economic Conference

LD0107193095 Ecully Euronews Television Network in English 1445 GMT 1 Jul 95

[Foreign Minister Andrey Kozyrev address at the "Crans-Montana Forum" in Switzerland — live, in Russian with simultaneous translation into English; italicized passages indicate portions audible in Russian that differ from English translation]

[FBIS Transcribed Text] I would like to thank the Swiss Confederation and the people of Switzerland, and I would like also to thank the authorities of this beautiful town where we are meeting today. I would like to thank them for the warm hospitality extended to us.

We are meeting here in conditions of stability and peaceful cooperation. Friendliness, smiles, and flowers surround us, and it is difficult to imagine that here, on our European continent, stability and flourishing are still objectives. They are still tasks, and it is not something that is real and is already there.

When the leader of the Bolshevist Party was dreaming here in Switzerland — Lenin — when he was dreaming of a worldwide communist revolution, he was doing it in this country. However, these dreams and this experiment have brought about a great deal of suffering — in particular, to our country — and so far, to a certain degree, instability is precisely related to this experiment.

I venture to hope that today's meeting here in Crans will not be marked by the creation of news myths and political projects, as at preceding meetings in Crans Montana and also in Davos. I believe that here we'll be able to dispel some myths, and it will be easier for us to look reality squarely in the face, not in order to be appeased *not in order to acquiesce to them*, but we are here rather in order to make a positive impact on the course of events.

Indeed one of these myths we had in the past was the destabilization in Russia. This was the very sad look we had at *This was a gloomy view of* the prospects for Russian democracy. It seems to me that the recent events, in spite of their dramatic developments at times, are not dramatic changes, not large-scale changes, but there has been a historic transition during a very brief period, a transition from the communist system to democracy, to freedom of speech, to a market economy.

This, of course, cannot happen during such a brief period, but even the recent dramatic events show that the very basis of the democratic system remains stable, although we can identify problems and issues. These issues are settled between democratically elected authorities, and it is the first time [in] a thousand years that we have in Russia a similar system, that we do not have an absolute monarchy or a Bolshevist clique. We have a president elected by the entire nation, by his people, and this president is, and will be, the guarantor of the democratic process and stability. He set up a government in accordance with a constitution. We have a freely elected parliament, and once again the authorities showed their capacity to find a way out of difficulties, and this within the framework of the constitutional process.

I can assure you that this is also to continue in future. Don't believe anybody who is prophesying a very near and close end to democracy and market reforms in Russia. We shall probably have to face more dramatic events, but they will all occur in conditions of freedom of speech, in conditions of the democratic process, and they will be resolved in the course of democratic elections, parliamentary elections, to be held in December of this year.

There will also be presidential elections in June of next year, as provided for by the Constitution. The very people of Russia will then assess the policies and the politicians, and it is they who will elect their new members of parliament. I too shall stand as a member for the Murmansk District. I too will have to go through the purifying process of elections. Last time, I had twelve supporters. I don't know how many... [translator corrects herself] twelve competitors. I don't know how

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many more will stand against me and who will run against me this time. But I feel so much better than the previous ministers for foreign affairs, my predecessors, who did not undergo an election process. But during the very last years when they were in government, they were dreaming precisely about such an election process.

There is another story about Russia that economic reforms have slowed down. The contrary is true. Indeed, more than half of the population is employed by private enterprises today in Russia. Enterprises of all profiles today are not state enterprises. This is much more than in some countries of the European Union and this is happening in a country where the very concept of private ownership and private initiative was equal to a death sentence.

We shall go ahead, we shall take this forward. This creates new possibilities for cooperation with Russia in building a single, stable Europe and for this stable cooperation to turn back from political and military considerations. They will be involved in economics, in requirements. They will face new security challenges, among which I would list terrorism, which we have witnessed recently also in Budennovsk and also in Oklahoma, in Japan.

Unfortunately it is capable of showing its ugly face in any and in the most favorable and happy corner of our world. Terrorism is a global issue and we have to tackle it. There are other new challenges, such as nuclear security, for instance. Very recently, it was only science fiction that was dreaming about the time when the world would no longer have to live under the threat of nuclear destruction and under the threat of the nuclear bomb.

Well, just tell me today after the agreement between the United States and Russia, where they agreed on the liquidation of thousands *hundreds of thousands* of nuclear warheads. These are no longer are targeted at anybody. So who, with the exception of some science fiction writers, is afraid of nuclear war? I believe that this is an issue, a problem that has now left us. It has gone away. Of course, we will have to make all our efforts as regards disarmament.

However, what was science fiction yesterday can become a reality today and that is the nuclear danger; however, in another dimension, that is, terrorism; because terrorists are trying to get hold of nuclear weapons. Then there is the illegal turnover and sale of different nuclear materials. These are issues we have to devote to primary importance and attention. I welcome wholeheartedly the fact that the leaders, the heads of states who met at Halifax immediately supported the initiative by President Yeltsin, that next year in spring we should have at the very high level a conference of the eight states to deal with nuclear security.

Another myth that has to be dispelled, another imaginary story, is that there is a security vacuum in Central Europe or in the Baltic countries. I believe this is a rather degrading concept and I am looking at the president of neighboring Estonia — I am looking at Mr. Meri. I have known him for many years. He is a physical witness that there is no vacuum. There is a legally elected president. They have a legally elected parliament.

They have very complex processes of restoring economic situations. They have problems with human rights and with ethnic minorities. There is no vacuum. There is a very complex process of state structure. However, they are relying on a democratic process and I would like that the rights of citizens and non-citizens and national minorities be respected.

I can say the same thing about any country in Eastern Europe or in Central Europe and therefore, it seems to me that we should not consider these issues as a field, as a new chase for spheres of influence.

There is yet another story, that security in Europe can first of all be secured by resorting to old mechanisms which were created in quite a different era, in the era of the Cold War. I do not think that this is quite right. We could probably use these mechanisms. Maybe they would be useful. But we have today a completely new situation. Do you really believe that our generation of politicians is not capable, as Churchill in his time, to recognize the new reality of a single Europe and to propose, in this context, new mechanisms and not use the old mechanisms? We should now go on new tracks — of course, making use of mechanisms which have proved themselves in the past.

In this connection, I would like to dispel the very last myth, which said that the OSCE [Organization for Security and Cooperation in Europe] in a way does not exist or has not really proved itself or has not justified its activities. Unfortunately the media throughout Europe, I would say, do not pay attention to glaring facts. The OSCE, too, was created in 1975. It was indeed a different Europe. But the OSCE is precisely not an organization that has gone in cold storage. From a forum, it has now become an organization and it gained momentum and found new strength to face squarely new realities.

If you need any proof of that, then [take note of] one of the participant's of our today's panel, Mr. Van der Stoel. He indeed is the very incarnation of the new role taken on by the OSCE. He is the High Commissioner for national minorities, that is to say, the very issue of

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aggressive nationalism, the issue of the dissatisfaction of national minorities which is tearing apart, not so far from here, the former Yugoslavia, Bosnia, and also in other places where things have not got that far, and let's hope they won't. It is precisely because of the efforts of the OSCE and Mr. Van der Stoel, the situation will not get to bloodshed.

It is these problems that are being dealt with and addressed by an organization which has an institutional, legal, and political framework. Mr. Van der Stoel is precisely working within this framework and is making a major contribution. In the Baltic states, he has made recommendations as regards the consideration of the requirements of national minorities. It is also true in the Ukraine.

Let's also take another, rather unusual, role of the OSCE, such as the mission to Chechnya, because after all, Chechnya is a complex tragedy. It is happening within a very vast power, and do you remember when these vast powers admitted foreigners on their territory? That was very rare. In fact, nobody, no large power, no major power, has admitted foreigners to its territories. However, the Russian Government has accepted OSCE observers to its country because it is our country and because this country made its proof that it can make a contribution towards the solution of major issues. *However, the Russian Government welcomes the OSCE mission in Chechnya because it is our organization, it is an all-European organization, because it is an organization which today is proving and has proved its ability to make a real contribution to very complicated issues.*

I could continue this list of constructive and concrete participation by the OSCE. It is quite true here we have no dramatic overflights, which I must say sometimes finish off and engender major complications on earth. It is true there is no rolling of columns of tanks and talk about armed intervention, with whatever purpose in mind. We have here in the OSCE concrete work; we have physical people making their contribution. I would like the role of the OSCE to be enhanced and I would like all of us to concentrate our attention not on the former, old approaches and the myths in dealing with others.

What we should do is to try and build a new model for European security without dividing lines as the heads of state agreed to do at the all-European forum in December of last year. In passing, I would say that the major distinguishing features of this meeting were not so much confrontations concerning the extension of certain structures in Europe. No, it was rather the decisions to work jointly and evolve a joint security model. This was agreed to on 9 May in Moscow by Presidents Clinton and Yeltsin. We intend precisely to deal with that.

And now my last point. We have just seen the joining *docking* of the U.S. and Russian spaceships. There was that interfacing *docking unit* because there were the joint efforts by scientists of both countries. They found a mechanism. They found a formula for the interfacing — for interfacing these two hubs *docking mechanisms*, and I believe that this new model of European security is precisely the hub *docking mechanism*, the interfacing mechanism which will enable us to create a new Europe.

I wonder whether the political minds which are so broadly represented here — we are surely not worse than the minds of the technicians, the physicists, the scientists, those who have created the interfacing of these two spacecraft. I think we too can do it, and we too can invent new technologies which will not be worse than theirs. Thank you very much.

Kozyrev on Concern Over Bosnia

LD0107205595 Moscow ITAR-TASS in English 2049 GMT 1 Jul 95

[By Konstantin Pribytkov]

[FBIS Transcribed Text] CRANS-MONTANA, July 2 (ITAR-TASS) — Russia is concerned about a possible military build-up in Bosnia and use of a rapid reaction force in a way that may not be consistent with U.N. Security Council decisions, Russian Foreign Minister Andrey Kozyrev said.

Speaking at a press conference in the Swiss resort town of Crans-Montana on Saturday, Kozyrev said the use of force in Bosnia is fraught with "catastrophic consequences." He believes that instead the efforts should be focused on the search for a political resolution of the crisis. Further NATO build-up in Bosnia could only encourage all the sides involved in the conflict and draw the rapid reaction force into the war.

Speaking about Russia's relations with Croatia and Bosnia, Kozyrev, who is in Crans-Montana to attend an international economic forum, made it clear that Moscow is seeking to maintain balanced relations with these countries. However, cultural and historic connections need also to be taken into account, he added.

The Russian minister pointed out that the potential of the Contact Group and political solutions has not been exhausted yet, adding that Russia will continue to maintain close ties with its partners in the Yugoslav settlement process.

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Academicians Criticize U.S., NATO Bosnia Policy

MM300612519. Moscow PRAVDA in Russian 30 Jun 95 pp 1, 3

[Article by Academician Pavel Volobuyev and Lyudmila Tyagunenko, scientific worker at the Russian Academy of Sciences Institute of International Economic and Political Studies: "NATO Is Sharpening Its Sword. Against Whom?"]

[FBIS Translated Text] Recent events in Yugoslavia — Croatia's capture of West Slavonia, the new air strikes against the Serbs in Bosnia, the Muslims' fierce offensive on the Bosnian Serbs' positions in Sarajevo — have shown very obviously that the United States, which rules NATO and exerts decisive influence on UN policy in the Yugoslav crisis, has definitely decided to impose military strong-arm methods in the region. Taking no account of the interests and opinions of their European allies and not giving a dime for Russia, the Americans have incited the Croats, like the Bosnian Muslims, to large-scale military operations against the Serbs.

Croatia, having swept away the UN barriers with suspicious ease, has rapidly occupied West Slavonia — part of Serbian Krajina. Even the Western mass media, for perhaps the first time since the start of the Yugoslav conflict, deciding to play at objectivity, for several days reported the Croats' fierce reprisals against the Serbs.

But it is clear to everyone that Croatia would not have resolved to carry out piratical actions in West Slavonia and to violate the agreements between the authorities of Croatia and Serbian Krajina on the total cessation of military operations in West Slavonia had it not been inspired and encouraged by U.S. politicians. The four-times repeated demands from the Security Council to Croatia to free West Slavonia of troops were ignored by the Croat leadership. Moreover, the Croats have begun an offensive on Knin — the capital of Serbian Krajina.

The world public has already grown accustomed to the situation where, if the United Nations issues a warning to Croatia, the Bosnian Muslims, and the Serbs, if it threatens air strikes in response to an encroachment on the safety of the UN troops in Serbian Krajina and Bosnia, then punishment will affect only the Serbs. There is no responsible official in the United Nations and its troops on Yugoslav territory who will resolve to give the order for NATO air strikes against Croat or Muslim troops although they have frequently carried out acts of provocation against the UN peacekeeping forces.

The objectivity of the UN figures and command of the "Blue helmets" can be judged just by the following figure: All 164 UN soldiers and officers died through the fault of the Muslims or Croats and not one died at the hands of the Serbs. The Western bloc countries in the spirit of the "best" U.S. traditions are openly stifling one of the conflicting sides in Yugoslavia — Serbia — by displaying vindictiveness and hatred toward it for its present refusal to submit to the "new international order."

At the same time Croatia is receiving powerful political, financial, and military support from the Western countries, primarily Germany and the Vatican. As for the Muslims in Bosnia, they are being helped by half the world — mainly the Muslim states which used to be Yugoslavia's allies in the nonaligned movement, of which it was a leader.

On nine occasions over the past year NATO has delivered air strikes against the Serbs. Previously one air attack was considered enough to regard the perpetrator as an aggressor.

But as we know the Serbs have not flinched under the new NATO air strikes and have taken retaliatory measures which, let us be frank, are very tough but are necessitated by the entire anti-Serbian behavior of the UN "peacekeeping forces" in the former Yugoslavia, and by the UN leadership's overt connivance with the illegal actions of the Croats and Muslims. As we know the Serbs responded by taking hostages from the UN troops in Bosnia and by blockading several of the troops' strongholds, rightly assessing the UN forces as the side openly supporting the Croats and Muslims. They have every grounds for regarding NATO as their military adversary. And the broad public no longer needs to guess on whose side NATO is in Yugoslavia.

NATO's military actions should be viewed, on the one hand, as the fulfillment of the U.S. slogan "up (sending up aircraft) and at 'em" (as the U.S. magazine FOREIGN POLICY put it) and on the other as the deliberate kindling of a nuclear conflagration in the former Yugoslavia by NATO forces. The United States has directly or indirectly strengthened the Croat and Muslim armies by providing them with the most modern arms. U.S. instructors, retired officers, are training elite Muslim troops, obviously seriously believing that the Serbs' military defeat is not far off now. The contact group with the unrealistic plan (bearing in mind its unacceptability to the Bosnian Serbs) for territorial division has for the umpteenth time been relegated to the background.

The generous but empty promises of Russian Foreign Minister A. Kozyrev that sanctions against the Federal Republic of Yugoslavia will be lifted have brought nothing to the people of Yugoslavia. Russia has thus shown the Serbs that its voice now means little in the Balkans. And when NATO delivered air strikes against

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the Serbs President B. Yeltsin merely rebuked his Western partners mildly, accusing them of undertaking an attack without consulting him. Actually it is no secret that our Western partners turn to Russia for assistance usually after the latest setback in the former Yugoslavia and as a rule with a view to using its vestiges of influence to exert new pressure on the Serbs.

B. Yeltsin's meeting with the leaders of the "seven" in Halifax also failed to bring Russian any foreign policy laurels. His statements at this meeting to the effect that Russia will never allow new air strikes against Serbia were late in coming. First, our Western partners, if they are keen to bomb the Serbs yet again, will not ask Russia and, second and most importantly, they have developed a new interventionist plan for the former Yugoslavia connected with the creation of the so-called international rapid reaction forces at the initiative of Britain, France, and the Netherlands. Already their numerical strength is 12,500 soldiers and officers armed to the teeth. And so air strikes will hardly be needed under these new conditions.

No one doubts the anti-Serbian purpose of the deployment of the international rapid reaction forces. Essentially to take the place of the UN peacekeeping forces in Yugoslavia troops have been prepared which can carry out a large-scale intervention in NATO's name with unpredictable consequences.

The world mass media have again blamed the aggravation of the situation in Bosnia not on the culprits, that is NATO, the Muslims, and the Croats, but on their victims — the Serbs.

Is there a way out of the extremely acute Yugoslav crisis? What are the possible prospects, both immediate and in the longer term? Boutros Ghali recently suggested three options for resolving the conflict. The first is to withdraw all UN troops completely so that the situation in the Balkans region reaches equilibrium without outside interference. The second is to increase the numbers of the "blue helmets." The third is to replace the "blue helmets" with some other organization, that is the international rapid reaction forces. All these options should soon be discussed in the UN Security Council. But meanwhile....

On the last day of May Britain, without asking anyone, landed 4,000 soldiers in Split (Croatia) and 200 soldiers in Gornji Vakuf (Bosnia), laying the foundation to the international rapid reaction forces' actions. The Adriatic Sea is so full of warships that it is immediately reminiscent of the situation during the 1941-1945 war.

But the Bosnian Serbs have soberly considered the altered situation and released the "blue helmets" they took as hostages. Now the latter are being captured by the Muslims and Croats. But few people are perturbed by that. The events of the past few days in the former Yugoslavia have shown the complete bankruptcy of the dual standards policy placed at the basis of the peacekeeping efforts of the EU and the United Nations. Lord Owen, leaving the post of cochairman of the international conference on Yugoslavia, rightly stated that there is not and cannot be any constructive solution in Croatia or Bosnia and Herzegovina which bypasses the Serbs or is counter to their interests.

It is time to understand that hatred for the unsubdued Serbs (in 1991 there were 1.4 million of them in Bosnia and 350,000 in Serbian Krajina while there were 1.9 million Muslims and 759,000 Croats) is a bad adviser in politics and is unworthy of great powers.

There are increasing suspicions that NATO has absolutely no intention of transforming itself from a military-political organization into some kind of peacekeeping organization, as its figures assure us. On the contrary on Yugoslav lands NATO is sharpening its sword. Against whom will it turn it tomorrow? At any rate NATO plans to expand its advance to the East should put on their guard all those who are disinclined to believe NATO declarations of its love of peace and to judge it by its actions. In other words the new system of European security with the dominant role of the United States and NATO does not promise anything good to the peoples and countries anxious to retain the right to choose their own path of development and way of life.

The Russian State Duma in its 17 May statement resolutely denouncing the Croat troops' military offensives in West Slavonia, expressed the Russian public's legitimate anxiety over the escalation of military operations on the territory of the former Yugoslavia. But we must consider the fact that our government (and especially our Foreign Ministry in the form of Minister A. Kozyrev) cannot pursue any independent policy on the Yugoslav issue. Emulating its partners (and their stance in most cases is anti-Serbian and unfair) is the supreme principle of this policy initiated with Russia's shameful association with the sanctions against the Federal Republic of Yugoslavia. Moreover, Russia's reputation has been undermined by the Chechen adventure and the senseless destruction of Russian cities which the world has seen thanks to television.

The Russian public, which for centuries has expressed solidarity with the people of Serbia and has not forgotten that 50 years ago Yugoslav partisans were the first to come to our aid and that in the period of the battles at Moscow, Stalingrad, and Kursk they pinned down dozens of German, Italian, Hungarian, and Croatian

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Ustasa divisions preventing Hitler from moving them to the Eastern front, should demand that their parliament and government pursue a policy which would preserve our traditional relations with our friends in the Balkans.

The Yugoslav crisis has demanded that a number of general questions of international politics and law be made specific. One of the most important and urgent is how to make a universal organization like the United Nations more effective, democratic, and objective, neutralizing the dominance of one superpower in it. The peoples of the world cannot rely solely on the Americans' wisdom and pragmatism.

We must investigate the question of when we are dealing with nationalist separatism and when we are dealing with a just struggle for self-determination. Thus, in our opinion, the support of Germany, the Vatican, the EU, and the United States for the Croatian and Slovene separatists and then for the independence of a state which has never existed — Bosnia and Herzegovina — instead of the preservation of the state integrity of the Socialist Federal Republic of Yugoslavia or the civilized divorce of the peoples inhabiting it became the prime cause of all the present and future disasters (not only for the Serbs but also for the Croats, Muslims, and so forth).

In the case of the Serbs we are dealing with a 50-year struggle to reunite all Serbian lands into a single state. It is that which explains the obstinacy, persistence, and consistency of the Serbs' present struggle and not their desire for a so-called Greater Serbia, of which they are unjustifiably accused. For instance, Serbian Krajina has never been part of Croatia (apart from the Quisling-fascist Croatia and its presence inside the administrative borders of the Socialist Republic of Croatia as part of the Socialist Federal Republic of Yugoslavia). The world community must decide whether it should continue to support such an artificial and at the same time aggressive state as Bosnia and Herzegovina disregarding the reluctance of at least two out of three national communities to live together in this state?

Yeltsin's new proposal at the "G-7" conference in Halifax providing together with the recognition of the federation for the union of all Serbian lands into a single federation could undoubtedly help the peaceful solution of the Yugoslav crisis. But as was to be expected it has proved unacceptable to the Western leaders.

Thus the problem of local military conflicts on the soil of interethnic contradictions will probably occupy a central place in international politics in the forthcoming decade and experience in resolving it is in need of serious research.

It seems to us that our politicians should be in no hurry to join the "partnership for peace" and NATO. For the sake of what peace should we become NATO partners? The peace which has reigned in the Balkans for three years now?

We shall not deceive ourselves: Peace not only in the former Yugoslavia but also throughout East Europe and also on the territory of the former USSR since the cold war and the process of separatism (read — collapse) has not become better and more democratic. On the contrary it is bringing new problems and threats to all mankind.

Deputy Premier Attends Meeting in Bucharest

Meets Romanian Counterpart 30 Jun

LD3006165095 Moscow INTERFAX in English 1250 GMT 30 Jun 95

[FBIS Transcribed Text] BUCHAREST, June 30 (INTERFAX) — Russia is ready to resume military supplies to Romania, its First Deputy Prime Minister Oleg Soskovets announced at a meeting with his Romanian counterpart Nicolae Vacaroiu in Bucharest Friday.

Noting that Russia's arms are competitive on the world market, Soskovets expressed Russia's eagerness "to upgrade the Soviet military hardware Romania has."

Vacaroiu wishes Romania and Russia would restore their once-close economic ties and boost their trade turnover, today standing at $1 billion. "We relied on big western investments, however, they have never come," he admitted, pointing out that now Romania "is turning its face to Russia again."

During the talks, the two sides decided to exchange bank officials, one to work in Russia and one in Romania, and assign them with the task of settling accounts between the two countries. The negotiators also decided to explore the possibility of setting up a mixed Russian-Romanian bank.

Soskovets also met in Bucharest Friday with Bulgaria's President Zhelyu Zhelev. Ways of promoting military and technical cooperation were discussed at the meeting. Russia, according to Soskovets, could upgrade the Soviet military hardware Bulgaria had, supply spare parts for it, and arrange a maintenance and repair service.

Zhelev said Bulgaria was keen to promote military and technical cooperation with Russia and would appreciate the delivery of spare parts for military equipment.

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Soskovets, Shevardnadze Meet

LD3006181695 Moscow INTERFAX in English 1510 GMT 30 Jun 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] Bucharest, 30 Jun (INTERFAX)—Russia is Georgia's priority partner in the sphere of economy, Eduard Shevardnadze declared during his conversation with Russia's First Vice Primier Minister Oleg Soskovets in Bucharest Friday.

"It is impossible for Georgia to resolve power engineering problem without Russia," he underlined.

(Soskovets and Shevardnadze are taking part in the meeting of member-countries of the Black Sea Economic Cooperation in the Romanian capital).

After the conversation Shevardnadze reported to journalists that he discussed several issues related to further development of economic and political relations between two countries with Soskovets. In his words, they have reached an agreement to hold consultations this summer in order to prepare economic agreements primarily in the sphere of power engineering.

Asked about Abkhazia's problem Soskovets underlined that this issue "can be solved only basing on the principle of Georgia's integrity as a single state."

Meets With Ukrainian Premier

LD0107132495 Moscow INTERFAX in English 1204 GMT 1 Jul 95

[FBIS Transcribed Text] BUCHAREST, July 1 (INTERFAX-UKRAINE) — Political processes in Russia will not affect the time for President Yeltsin's visit to Kiev to be paid in the near future, First Deputy Premier Oleg Soskovets told INTERFAX-UKRAINE after his meeting with Ukraine's Prime Minister Yevheniy Marchuk in Bucharest on Friday.

Marchuk and Soskovets came to Bucharest as leaders of their countries' delegations to the conference on economic cooperation between Black Sea nations.

As Soskovets said, Russia and Ukraine are engaged in work designed to realize the status of independent states — Ukraine and Russia, protect both fleets' interests and lift political tensions connected with the status of the Crimea or the status of Russia's Black Sea Fleet.

In an interview with INTERFAX-UKRAINE Marchuk described the course of talks on the problem of the Black Sea Fleet as "satisfactory".

As he said, "events are developing in accordance with the logic manifested by the two presidents." At the talks concerning the fleet the leaders of the Ukrainian and Russian delegations are engaged in drafting different versions to be discussed later on the level of the two countries' presidents, Marchuk said.

EU Decision on Trade Seen as 'Heartening News'

MM3006140295 Moscow IZVESTIYA (Financial Section) in Russian 29 Jun 95 p i

[Report by Aleksey Portanskiy under the general headline "European Union Takes Step to Accommodate Moscow and Continues to Move Toward a Single Currency]

[FBIS Translated Excerpt] Relations with Russia were not a priority at the European Union (EU) summit held at the beginning of the week in Cannes. Nevertheless, heartening news has been received from the leaders of the 15 countries belonging to this organization. The EU Council of Heads of State and Government, as their joint statement says, is proposing to authorize the European Commission to sign the Interim Agreement on Trade with Russia.

The Interim Agreement on Trade, prepared by Moscow and Brussels with the aim of implementing as quickly as possible those provisions in the Agreement on Partnership and Cooperation signed in Corfu a year ago which do not require ratification, was ready for signing back in January. However, the document was frozen indefinitely because of the military operations in Chechnya.

Explaining the change in the EU's stance, Catherine Colonna, an official spokesman for France, which is currently chairing the EU, stressed that the Kremlin is now conducting talks with the rebels "perhaps in a new spirit" and, apart from that, an Organization for Security and Cooperation in Europe [OSCE] mission is on the spot in Chechnya and doing its work. Let us recall that, side by side with access being given to the OSCE delegation, a cease-fire and the beginning of talks were the main conditions set by the EU for unblocking partnership relations with Russia.

In practice this does not actually mean that the EU is prepared to sign the interim agreement with Moscow immediately. The leaders of the 15 countries have so far given a "green light" to their foreign ministers to approve the signing of the document next month. Only after that can the date for an official meeting between representatives of the EU and the Russian Federation government, who will sign the text of the agreement, be set.

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The intention expressed in Cannes was a compromise between the serious concern of our European partners at the situation in Chechnya and the EU's long-term strategy aimed at establishing stable political and economic partnership.

Moscow has expressed dissatisfaction during all this time about the EU's excessive concentration of attention on Chechnya, adding that the real reasons for our partner's stubbornness are most likely to be found in the economic sphere and are connected with a reluctance to allow the Russian competitor into the European market. Criticism of the EU leadership to the effect that it should not punish an entire people, 80 percent of whom did not approve of the Chechnya adventure undertaken by the present Russian Federation leadership, has been noted at the same time both in Russia and in the West. Because the implementation of the trade agreement could tangibly improve the position of the Russian economy as a result of the removal of discriminatory restrictions in trade and the sharp increase (by billions of dollars every year) in export income. However, for the West, the Chechnya problem affects certain fundamental principles: Any document signed by the EU with anyone includes a provision on guarantees of human rights. [passage omitted]

Council of Europe Report Focuses on Chechnya

MM0307105295 Moscow IZVESTIYA in Russian 1 Jul 95 p 3

[Report by Yuriy Kovalenko: "Farewell, Council of Europe?"]

[FBIS Translated Text] Paris — A group of deputies who are members of the Council of Europe parliamentary assembly's Legal Affairs and Human Rights Committee, have drawn up a report on the situation in Chechnya, from where they have recently returned.

This document will be yet another stumbling block along Russia's long and hard road to the Council of Europe, which it has unsuccessfully been trying to join for more than three years.

In Chechnya there have been cases of looting, robbery, extortion, arson, rape, and murder committed by MVD [Ministry of Internal Affairs] and Special-Purpose Militia Detachment subunits, the report presented to journalists by the German socialist deputy Rudolf Bindig stressed.

When delegation members informed General Kulikov, commander of the combined grouping of federal forces in Chechnya, about these violations of international law, the latter had replied: "Unfortunately, war is a dirty business and is always accompanied by foul deeds." That stance, the report stresses, is unacceptable.

Violations of international humanitarian law, the report stresses, have been committed by both the warring factions.

Moscow Public TV Correspondent Leaves London

LD0107214395 Moscow ITAR-TASS World Service in Russian 1330 GMT 1 Jul 95

[By ITAR-TASS correspondent Vladimir Voronkov]

[FBIS Translated Text] London, 1 Jul (ITAR-TASS) — Aleksandr Malikov, the London correspondent of Russian Public Television [ORTV], who has been accused by the British authorities of cooperating with the Russian special services, has left Great Britain. The Russian Embassy confirmed this today. A similar report was issued by the British Home Office.

In January this year the immigration service refused to extend Aleksandr Malikov's visa, citing Malikov's participation in Russian intelligence activities as the reason. The television correspondent publicly denied having anything to do with intelligence activities and appealed to the British Home Office to reconsider this decision. Representatives of the Russian special services stated at the same time that A. Malikov was not on the list of their agents. A British Home Office commission spent 6 months reviewing the circumstances of the "case" and eventually refused to alter the original decision, that A. Malikov's presence in Great Britain is contrary to the public interest and the country's security.

The ITAR-TASS correspondent has learned that confidential correspondence took place between the Russian Embassy and the the Foreign Office about this. However, much still remains mysterious in this "spy story." There is evidence that last week a letter on this matter was received from British Foreign Secretary Douglas Hurd, which acknowledged the high quality and objectivity of the work of the Russian television correspondent covering events in Great Britain for Russian viewers. However, it seems that the letter also said that the decision by the immigration authorities remains valid and Aleksandr Malikov must leave the British Isles. The Home Office set 30 June as the final date for the correspondent's departure. A Home Office spokesman said that this date has been complied with.

Over the past 6 months this story has not been given any publicity, as if it did not exist at all. The impression was given that the Home Office wanted to close the situation quietly. At the same time, informed sources told the ITAR-TASS correspondent that in spite of his departure from Great Britain by Home Office order, the ORTV

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correspondent has not been blacklisted. This means that he will not be prevented from entering Great Britain in the future, as is usually the case in such circumstances.

Estonia Urged To Amend Bill on Foreigners

LD3006184795 Moscow INTERFAX in English 1524 GMT 30 Jun 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, June 29 (INTERFAX) — Moscow feels that the decision to amend the Estonian bill on foreigners "could have been more radical," a high-ranking officer on the staff of the Russian Foreign Ministry told INTERFAX Friday. The decision was made by the Estonian parliament Thursday.

One thing that is positive, in the source's view, is that "the amended bill on foreigners gives the government four months to define additional rules for the acceptance and registration of requests for residence permits from those residents of the Estonian republic who failed to submit them on time."

The amended bill gives the government until mid-November to accept requests for residence permits from those who are not citizens of the Estonian republic. Before it was amended, the bill gave the government until July 12, 1995, to accept those requests. Foreign passports issued by the Soviet Union expire on July 12.

The residence permits of those who have submitted appropriate documents before July 12, will be good for five years, and of those who apply for them after July 12, for three years.

Moscow insists that all permanent residents of Estonia be given residence permits and opposes the discriminatory approach to the issue in question.

According to the Foreign Ministry source, the Estonian bill on foreigners offers guarantees for the issuing of residence permits to those who were regarded as residents of the Estonian Soviet Socialist Republic on July 1, 1990.

Moscow assumes that the guarantees remain effective, the source said.

As of date, some 130,000 residents of the Estonian republic failed to apply for a residence permit whereas the reception offices are kept busy to two thirds of their capacity, he told INTERFAX.

According to the source, people fear that a temporary residence permit will deprive them of part of their civil rights.

There will be a legal difference between those who have applied for a residence permit before July 12 and those who have failed to legalize relations with the Estonian republic by that date.

The latter, the source said, will enjoy no municipal suffrage rights and will have to pay 300, instead of 30, kroon as they apply for a residence permit.

"The difference between the citizens and residents of the Estonian republic is already abysmal," the Foreign Ministry officer said, "but the amended bill works for the division of the residents. Moscow sees this approach as hardly ethical."

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Political Issues

Yeltsin Accepts Resignations of Four Officials

LD3006160095 Moscow ITAR-TASS in English 1556 GMT 30 Jun 95

[FBIS Transcribed Text] MOSCOW, June 30 (ITAR-TASS) — Russian President Boris Yeltsin has dismissed Interior Minister Viktor Yerin, Federal Security Chairman Sergey Stepashin, Vice Premier Nikolay Yegorov and head of Stavropol regional administration Yevgeniy Kuznetsov, according to Yeltsin's press secretary Sergey Medvedev.

All the officials tendered their resignations at Thursday's meeting of the Security Council following bitter critisism of the government handling the Budennovsk attack staged by Chechen terrorists.

Yeltsin Decision Seen as 'Difficult'

LD3006171495 Moscow ITAR-TASS World Service in Russian 1605 GMT 30 Jun 95

[By ITAR-TASS correspondent Andrey Shtorkh]

[FBIS Translated Text] Moscow, 30 Jun (ITAR-TASS) — "The decision by Russian President Boris Yeltsin to dismiss Viktor Yerin, Nikolay Yegorov, Yevgeniy Kuznetsov, and Sergey Stepashin from their posts was a difficult one," Sergey Medvedev, press secretary to the head of the Russian state, has said in an interview with an ITAR-TASS correspondent. It was made, he stressed, following the results of the discussion held today at a sitting of the Russian Security Council.

The three heads of the "power" departments, as has already been reported, said during the Russian Security Council sitting that they were ready to resign. In the interview with ITAR-TASS, Medvedev said that their "errors and dereliction of duty were a subject of serious discussion at the Russian Security Council."

Medvedev said that the "decisions adopted at the Security Council sitting will require a considerable reorganization of the whole system of work by the Russian special services and law enforcement bodies." "On this will depend how well our society is protected against terrorists," the press secretary said.

Yavlinskiy Comments on Dismissals

LD3006204595 Moscow ITAR-TASS in English 2031 GMT 30 Jan 95

[By Pavel Kuznetsov]

[FBIS Transcribed Text] MOSCOW, July 1 (ITAR-TASS) — The "Yabloko" faction of Russia's State Duma welcomes the steps taken by the head of state to overcome the parliament-government crisis, the faction leader Grigoriy Yavlinskiy told ITAR-TASS on Friday.

Commenting on the President's decisions to dismiss four senior security officials, Yavlinskiy said that these decisions signify the beginning of the quest of a compromise in the current political crisis.

He stressed, however, that it would be advisable for the Duma to postpone the no-confidence vote in the government for a time being, "not to hasten the President, give him an opportunity to think everything over and take all the necessary decisions on the personnel."

Yavlinskiy explained that the point at issue concerns, first and foremost, army general Pavel Grachev. "The problem consists not only in the Budennovsk events, it is rooted much deeper, it is connected with the present-day situation in Chechnya," Yavlinskiy said.

The leader of the "Yabloko" faction said that the process of political settlement has already started in Chechnya, and the most important thing now is not to disrupt it, but to conclude it in a civilized way, within constitutional frames.

Gaydar on Yeltsin's 'Resolute Steps'

LD0107164595 Moscow INTERFAX in English 1600 GMT 1 Jul 95

[FBIS Transcribed Text] MOSCOW, July 1 (INTERFAX) — The leader of Russia's Democratic Choice Yegor Gaydar is "very glad that the president took a number of resolute steps to solve personnel problems." He said so in an exclusive interview with INTERFAX on Saturday, commenting on Boris Yeltsin's decrees issued on Friday to dismiss Deputy Premier Nikolay Yegorov, Interior Minister Viktor Yerin, Security Service chief Sergey Stepashin and Stavropol Territory Governor Yevgeniy Kuznetsov.

"I think that the president did so because he had realized that these people must be replaced, if we want to uphold respect for Russia, not because the Duma or, say, our faction, exerted pressure on him," Gaydar said.

At his confidential meeting with the president held on Monday he raised, at the request of his party and its parliamentary faction, the issue of dismissing six officials — Defense Minister Pavel Grachev and Security Council Secretary Oleg Lobov — in addition to Stepashin, Yerin, Yegorov and Kuznetsov.

"So far the president has done everything he promised us — dismissed all who were directly responsible for the developments in Budennovsk."

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Nevertheless Gaydar expressed dissatisfaction with the fact that Pavel Grachev continues to lead Russia's Armed Forces.

"Grachev bears the entire responsibility for how the war in Chechnya was waged, and for the enormous casulties it led to," Gaydar declared. He believes that Russia's present defense minister must be dismissed to stabilize the situation in the army and in Russia as a whole. "President Boris Yeltsin is aware of my attitude to this issue," Gaydar pointed out.

In its election campaign Russia's Democratic Choice will "categorically insist on conducting a military reform; it will press the president and government to carry it out and reshuffle the leadership of the armed forces," Gaydar said.

Faction Members on Resignations

LD0107134295 Moscow INTERFAX in English 1305 GMT 1 Jul 95

[FBIS Transcribed Text] MOSCOW, June 30 (INTERFAX) [date as received] — State Duma's deputy speaker Aleksandr Vengerovskiy (LDP faction) [Liberal Democratic Party] believes that the resignations of Deputy Premier Nikolay Yegorov, the Interior Minister Viktor Yerin, and the Federal Security Service's Director Sergey Stepashin will have no effect on the faction's position toward the government.

Commenting in an interview with INTERFAX on Yeltsin's decree to sack the power ministers, Vengerovskiy announced that at Saturday's session in the Duma, the LDP would in full strength vote for no confidence in the cabinet.

"We have repeatedly demanded that the government must resign since it is unwilling to sharply change its foreign and home policies. When LDP voted for no confidence in the government on June 21, it did not link this issue to a demand that the power ministers must step down," Vengerovskiy explained.

In his opinion, Stepashin's resignation is not quite logical. "The matter is in how power treats the security structures rather than in Stepashin, and these structures have been sharply weakened after the so-called democratic reorganizations," Vengerovskiy pointed out.

In regard to Yerin's resignation, Vengerovskiy stressed that at Duma sessions his faction had twice pressed for sacking him.

The leader of the Agrarian Party's faction in the State Duma Mikhail Lapshin has told an INTERFAX interviewer that the power ministers' resignation will certainly change the faction's stance, however, the presidential decrees do not resolve the issues brought up by the agrarians once and for all."

"The most important thing for the agrarians is a change in the government's social and economic course, which has resulted in the Chechen crisis and Budennovsk tragedy alike," Lapshin declared.

He reported that his faction would get together on Saturday "to analyze the changed situation."

"Of course, for some agrarian deputies from Russia's south, these resignations will change their position on voting, but on the whole, the majority in the Agrarian Party's faction will still vote for no confidence in the government," Lapshin believes.

In the opinion of the Yabloko faction's leader Grigoriy Yavlinskiy, the decision to sack a number of Russian ministers "can be regarded as the start by the president of a process to search for a compromise." In his view, at its session on Saturday the Duma should put off a vote of no confidence in the government "to enable the president to adopt all other personnel decisions without rush."

Yavlinskiy, noted however that he was still against the Defence Minister Pavel Grachev and his attitude to this minister rest not so much on what happened in Budennovsk as on his role in Chechnya as a whole, on today's situation in the army and on how it is being reformed.

Yavlinskiy warns against "spurring the president and speed up the process." "That way or another, the process of a political settlement has got underway, and the most important thing today is to complete in a civilized way and within constitutional framework rather than disrupt it and allow clashes and the deepening of the crisis," he stressed.

The presidential decrees on the power ministers resignation "do not change the essence of the government's vicious economic home and foreign policies," the leader of the Communist Party's faction in the Duma Gennadiy Zyuganov believes.

He noted that the personnel decisions would not change the position his faction, which intends to vote for no confidence in the government on Saturday.

Zyuganov regretted that such decisions "are adopted under pressure in terrifying circumstances when the country falls hostage to criminal structures and bandits."

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Acting Interior Minister Appointed

LD0307110395 Moscow INTERFAX in English 1028 GMT 3 Jul 95

[FBIS Transcribed Text] MOSCOW, July 3 (INTERFAX) — Russia's First Deputy Interior Minister Yevgeniy Abramov is currently acting as federal interior minister. Informing INTERFAX of this, the Ministry's Center for Public Relations referred to Interior Ministry regulations under which during the minister's absence his deputy is to act in his place.

Out of minister Viktor Yerin's, discharged on June 30, two first deputies only Abramov is in Moscow. The other one, Mikhail Yegorov, head of the Main Department on Organized Crime, is on a working tour of Russia.

As INTERFAX has learned from an unofficial source, the most likely candidate for the ministerial post is Abramov, since over the last two years it has usually been him who heads the ministry when Yerin is gone.

Meanwhile, Yegorov is also viewed as a possible candidate to the post of interior minister. He commanded a group of federal troops in Chechnya for about a month last spring, and in mid-June was chief of the headquarters responsible for the release of hostages held by the Chechen terrorists in Budennovsk.

However, the source does not rule out that "a third figure, who has so far been in the shadows" could be appointed to one of the key power ministry posts in Russia.

Yevgeniy Aleksandrovich Abramov was born in the Makarovo village of the Taldom area in the Moscow region on February 8, 1939. He is Russian by nationality. Upon graduation from the Moscow Lomonosov University's Department of Law in 1965, he led a group of inspectors at the Moscow region's Interior Department in 1986-1990. In 1990-1992, he was deputy interior minister, chief of the investigating service. Since 1992, he has been first deputy minister.

Mikhail Konstantinovich Yegorov was born on November 28, 1946 in the town of Tvorogovo of the Kaban region, the Buryat republic. He is Russian by nationality. In 1977, he graduated from a police academy in Omsk and from the USSR Interior Ministry Academy in 1980. A lawyer, he has helped to structure the federal law-enforcement department. In 1991-1992, he was deputy chief of the Interior Ministry's Crime Service and chief of the Interior Ministry's Organized Crime Department, since October 19, 1992 he has been first deputy interior minister.

Acting Security Service Chief Named

LD0307110695 Moscow INTERFAX in English 1029 GMT 3 Jul 95

[FBIS Transcribed Text] MOSCOW, July 3 (INTERFAX) — First Deputy Director of the Federal Security Service (FSB) Colonel-General Anatoliy Safonov now acts as the FSB director, the service reported to INTERFAX on Monday.

Since FSB chief Sergey Stepashin stepped down on June 30, Safonov has been acting director "in keeping with universally accepted practice", an FSB spokesman remarked, adding that so far no one in the FSB has been nominated to the post of its chief since "who will be appointed to the office does not depend" on security officers.

Safonov Anatoliy Yefimovich was born on October 5, 1945 in the Dolgiy Most village of the Dolgyimost area, the Krasnoyarsk region. He is Russian by nationality. He has a higher education. In 1968, he graduated from the Krasnoyarsk Polytechnic as a rail engineer. In 1988-1991, he was chief of the USSR KGB Department in the Krasnoyarsk region. In 1991-1992, he led the Russian Security Ministry's Department in the Krasnoyarsk region. Since 1992 he has been an FSB assistant.

As INTERFAX has learned, ex-FSB chief Stepashin is to bid his staff farewell at a ceremony scheduled for Monday afternoon.

Lobov Skips TV Appearance on Budennovsk, Firings

LD0107094495 Moscow ITAR-TASS in English 0932 GMT 1 Jul 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, July 1 (ITAR-TASS) — Russian Security Council Secretary Oleg Lobov called off his appearance in the TV programme "How We Will Live" [Moscow Russian Television Network in Russian at 0710 GMT on 1 July] which was scheduled for today.

Lobov had promised to appear in the programme with analysis of the Budennovsk tragedy and details of the Thursday meeting of the Security Council.

Lobov's last moment refusal appears to be related to the Friday resignations of top officials over the Budennovsk events.

The resignations provided an answer to whom Boris Yeltsin fires to appease the State Duma before its Saturday debate on confidence in the government.

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Zyuganov on Confidence Vote, Resignations

LD0107165395 Moscow ITAR-TASS World Service in Russian 0919 GMT 1 Jul 95

[By ITAR-TASS parliamentary correspondent Ivan Novikov]

[FBIS Translated Text] Moscow, 1 Jul (ITAR-TASS) — Communist Party Leader Gennagiy Zyuganov believes that if the Cabinet under Viktor Chernomyrdin continues to pursue their chosen socio-economic course, then "by the end of the day the government will collapse completely." Following today's extraordinary plenary session of the State Duma, at which the opposition failed to express no confidence in the government, Gennadiy Zyuganov stressed in an interview to ITAR-TASS that the Communist faction in the lower house will "continue its line." At the same time, he noted that "the final speech by Viktor Chernomyrdin in parliament was an attempt to search for a way out of the complicated economic and political situation in the country."

"I do not know what form these attempts will take, but if the premier sacks Chubays, Kozyrev, and Shakhray, it will be another step toward normalizing the situation," Zyuganov noted.

The leader of the Communist faction said that he does not know what Viktor Chernomyrdin will come with to the State Duma on 19 July, but he added that, in his opinion, "this will be a benchmark."

Giving his opinion on why parliament has not made the government resign, the Communist faction leader noted that a number of factions and individual deputies demanded that the power ministers should resign and that the decisions made by President Yeltsin with regard to cadre reshuffle in the Government did not satisfy them.

"I do not think this will tackle any issues," the Communist leader said. He added that "the power ministers who dirtied themselves with blood because of the government's policy have themselves fallen victims to this course."

Speaking about the future development of the country, Gennadiy Zyuganov said that there are several options: "The country will either be turned into a big Chechnya or into a big Colombia." At the same time, he expressed the hope that he is wrong and that "normal democratic elections will take place and a more professional team with a greater conscience will come to power."

The Communist leader said that "the faction will aim at a strict observance of laws and ensure that the elections take place in time and in accordance with the laws."

Communists Refrain From Comment on Duma Vote

MM0307114495 Moscow PRAVDA in Russian 1 Jul 95 p 1

[Report by Valentina Nikiforova: "Duma To Resit Exam"]

[FBIS Translated Text] Yesterday's CPRF [Communist Party of the Russian Federation] press conference on the subject of "The Communist Faction's Position in the Discussion of the Question of Confidence in the Government" was its most substantive and best attended. And no wonder. The smell of cordite is emanating from the extraordinary sitting of the State Duma. Since, as CPRF Central Committee Chairman G. Zyuganov said, the consultations and the president's and premier's meetings during the week with representatives of the factions did not sway the deputies, who are very well aware that all Russia's woes are due not to the incompetence of individual ministers but to the disastrous course, which was the concerted view of the various factions during the vote, Deputy V. Zorkaltsev explained. A.V. Ilyukhin pointed out that the fuss over the proposed resignations of the power ministers is nothing but an attempt to save those who steered the disastrous course.

"But if the Duma insists on no confidence in the government, it could be dissolved tomorrow! Have the deputies forgotten October 1993?" one press conference participant asked. "The deputies did not perish last time, but what guarantee is there that it will all turn out fine for them this time?"

There was a minute's silence in the hall, and people lost the desire even to ask questions.

"One parliament shot at, another dissolved — all in the space of two years.... Isn't that rather much?"

Who was the reply addressed to? To the journalists? No, to the whole of Russia, to all citizens, irrespective of religion, beliefs, and party affiliation.

In conclusion, we must cite A. Lukyanov's words: The vote of no confidence in the government is a test for every deputy. Will they all pass it?

Analyst Sees Confidence Crisis Not Yet Over

MK0107113095 Moscow KRASNAYA ZVEZDA in Russian 1 Jul 95 p 2

[Report by Aleksandr Golts in the "Topic of the Week" column under the "Russia and the World" rubric: "The Political Crisis: Tragedy, Drama, or Farce?"]

[FBIS Translated Text] At first glance, we are witnessing a real political drama. The Duma gives the govern-

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ment a no-confidence vote. The president expresses support for the Cabinet of Ministers. The government, in order finally to clarify the situation, itself demands that the parliamentarians vote on confidence in it. Duma members hastily raise votes to initiate impeachment proceedings against the president. Over the entire week tense political consultations are under way in the Kremlin, as a result of which the sides come to some compromise. Finally, at a Security Council session, leaders of some "power" departments declared their readiness to resign (this much at least follows from the sole more or less official handout). It would seem things cannot get any more serious. Some are already seeing a repetition of October 1993 or even August 1991.

Yet amazingly, watching and analyzing all this, somehow you fail to appreciate the dramatic character of the situation — something everybody is trying hard to have you believe. And, after the classic, you want to exclaim: "They try to frighten me but I do not feel afraid!"

If anything, this whole crisis has demonstrated the terrible weakness of our state. I shall not speak about the Budennovsk tragedy itself: Much has been said about it, including by officials. But the showdown in parliament and the confidence/no-confidence vote after the tragedy strongly reeked of farce. And it would be wrong to relate the tough probe at the Security Council to the prospect of today's vote.

Back on 29 June, before the session in the Kremlin, everything was already clear. Of course, it is more difficult to predict actions by Russian politicians than to make a weather forecast. But chances are that the no-confidence resolution will not get enough votes, whereupon the premier will withdraw his demand about a vote of confidence in the cabinet. This casuistic procedure, as far as one can understand, will allow parliamentarians somehow to "save face" and not to give a vote of confidence in the government in which they gave a vote of no-confidence only a few days ago.

Now it transpires that neither the executive nor the legislative branch needs this crisis. Should the Duma be dissolved the parliamentarians would automatically lose free advertising in the shape of TV reports from lower house sessions. They would be confronted with the need to launch an election campaign as early as in summer, looking for funds and supporters. I am not even talking about the fact that their easy life in Moscow would be cut by a few months.

The executive branch does not need a crisis either. If only because in the event of early elections, the Russia Is Our Home electoral bloc could not, under the law, contest them. Moreover, both the president and the government so far are showing an aspiration for the first time to set in motion a normal democratic procedure for changing those in power. When, as a result of elections — held in due time and in accordance with the Constitution — one composition of parliament is replaced by another.

But if this is so, why all this fuss? To hear the explanations by some initiators of the vote of no-confidence in the government, their sole aim was to... open a dialogue with the government. Or, to be more accurate, to keep the government in suspense until the elections. Meanwhile the endless summoning of ministers to the Duma under these conditions would allow parliamentarians to show themselves off to the voters as crusaders for the people's well-being. Also in evidence is the undisguised lobbying on the part of the Agrarian Party, which decided to restore its trust in the government as soon as more billions were promised to the agrarian sector.

So the way it works out, the reasons for the crisis are the shallow ambitions and the inability to look ahead. All of this could be easily ignored. Were it not for one circumstance which prevents one from looking on the process with irony. The fact is that all this was unfolding in a situation when the people, society, received no answer as to what had happened in Budennovsk. And if the parliamentarians were ready to be pacified with the compromise reached, normal people were not.

This was apparently understood in the Kremlin. And so, although no answers were provided to these questions at the Security Council session, at least some very tough questions were asked. The people of Russia, the whole world, the Russian Federation president stressed, have seen the inability of our special services to handle their missions. And it is quite natural that somebody must bear responsibility for this. This is how a normal state should demonstrate its competence.

True, that possible resignations were announced but postponed until all circumstances have been cleared up by itself creates a far from easy situation. After all, the situation in the country is indeed very serious. Difficult negotiations are under way in Groznyy; Russia is still threatened with terrorist acts. Quick and decisive action can be required from the authorities at any moment. But let us be frank: The special services, which even before — when the resignation of their leader was not at issue — were not particularly efficient, are today in a state of suspension. After Budennovsk it took a whole 10 days to find out who gave the assault orders. Now, in a critical situation, there may not be a person who will assume responsibility. Therefore final decisions on cadre matters must be made as soon as possible.

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I repeat: If anything can frighten one today, it is the evident weakness of the state, its inability adequately to act in critical situations. And it is not only Budennovsk that worries Russians today. There are persistent rumors about a new pending confiscation of money. And although a government spokesman swears that limitations on the issue of cash do not extend to wages, they are still being held back in many departments. While the authorities argue with experts as to how much prices will grow as a result of customs tariff hikes, residents of large cities, just like in 1991, are hoarding up on groats and pasta. We have been taught not to believe statements by quite official persons. And this confidence crisis can be far more serious than the political crisis. It can lead to a real tragedy for the country.

Poltoranin, Murashev on Government Crisis

954F2662A Moscow ARGUMENTY I FAKTY in Russian No. 26, Jun 95 pp 1-2

[Interviews with State Duma Deputies Mikhail Poltoranin and Arkadiy Murashev by unidentified ARGUMENTY I FAKTY correspondent; place and date not given; under the "In the Corridors of Power" rubric: "'The Bubble Has Burst'"]

[FBIS Translated Text] At the end of the week, on 1 July, what amounts to a mystery plot in the life of the Russian political elite should come to a head. The parliamentary crisis that emerged in connection with the threat of the Chernomyrdin government's resignation will apparently end with either the demise of the Duma or casualties among members of the government, who are playing the role of hostages. We asked direct participants in the intrigue to analyze the potential development of the situation this week.

A Wedding Without a Fight Is Only Half a Wedding

Mikhail Poltoranin, chairman of the RF [Russian Federation] State Duma Committee on Information Policy and Communications:

The faces of Russian politicians are taking turns on television: interviews, statements, appeals. The topic is the government-parliament clash; the tone is tragic. Some—a suburban Moscow governor cum comrade—are calling on people to unite in this time of trouble behind the fighting core of the not-yet-ruling party headed by the loyal Leninist-Yeltsinite, Comrade V.S. Chernomyrdin. Others—also loyal to the idea of nomenklatura reforms—are trying to remove the president of Russia from power and crash his retinue. In short, there is another political earthquake in Moscow.

This is despite the fact that both the Duma decision of no confidence in the Cabinet of Ministers and the government's retaliation demarche are absolutely ordinary events for a democratic system. They even stimulate progress in relations between the branches. It is not accidental that even these days in many districts a rural wedding is considered incomplete if it does not end in a minor fistfight. Having let out all the accumulated anger in the fight, the neighbors convene in the morning with half-liters in hand to make peace—after which they go home refreshed in spirit, ready for joint labor. In the Moscow corridors of power the mores are the same as in any rural county.

Unhappiness with each other—the government's unhappiness with the parliament and the parliament's unhappiness with the government and the president—has been growing with each passing month. I have been watching it from inside for a year and a half. Some deputies with the habits of members of the omnipotent Khasbulatov Supreme Soviet of Russia begin plenary sessions with a ritual proposal: "Get such-and-such here!" That is, summon some ministers for execution, or instruct the heads of television companies to preempt programming and air live broadcasts of State Duma sessions, or move the border between Russia and China.... All of this runs counter to the norms of the RF Constitution.

Members of the government and departmental bureaucrats also are suffering from legal nihilism. The federal law "On the Federal Budget," adopted by the Duma, means nothing to them—they may or may not give money to industry sectors at their discretion. The parliament's decisions on settling interethnic and other crises also fall on deaf ears. Even the expert evaluations of Duma draft laws, which the Constitution requires the government to accomplish within a certain period of time, are constantly being put off.

And the president of Russia? I think he is still euphoric over the importance of his position, granted to him in December 1993 by our new Constitution. Some vetoes slapped by Yeltsin on laws are nothing but the trivial whim of omnipotence. Among the president's many duties spelled out in the Constitution, there is one that is very difficult and very important (Article 80): He "ensures the coordinated functioning and interaction of organs of state authority." Can we count as such the president's cursory meetings with Ivan Rybkin and Vladimir Shumeyko? Hardly. Had this work been done on an ongoing basis, bringing into the dialogue many representatives of difference branches of authority, the problems in the country would not have been exacerbated on such a scale, and the crack in relations between the parliament and the government would not have widened into a deep abyss.

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So, the bubble has been growing not at the fault of one particular structure of authority. The bubble has burst—who will feel relief? Everyone, regardless of how the quarrel between the government and the Duma ends. The political shakeup has forced many people to open their eyes, and we saw that we have not yet learned to live by the new Constitution, in the democratic mode of separation of the branches. We realized that it is not enough to talk about public accord—we also need to work in an atmosphere of accord, which means both the president with his administration, and members of the government, and deputies should be more cautious on the curves.

This week will be a week of taking steps to meet each other halfway. The president publicly shook his fist at the Duma, fully aware that disbanding it would mean his becoming Viktor Chernomyrdin's shadow. But there is a chance to straddle the situation using peacekeeping methods. The prime minister, incensed by the Duma's slap in the face, apparently on an impulse followed the advice of his intrigant legal advisers and presented the parliament with an ultimatum. Not seeing that the Duma had given him a fortuitous opportunity to purge the government by discarding odious figures and political ballast. I think Viktor Stepanovich came to realize that every cloud has a silver lining. And that disbanding the Duma will cause hungry, antigovernment riots in Russia, which Yeltsin will extinguish by sacrificing Chernomyrdin.

Events may develop in several directions. Most likely the authorities will get out of the dead end with one winner—Yeltsin. After consultation with the factions, the president and the prime minister will agree to some personnel reshuffling. So this will no longer be the government the no confidence vote was referring to. Then Yeltsin may recommend that Chernomyrdin withdraw his ultimatum from the Duma. And in the repeat no confidence vote the Duma, satisfied with personnel concessions, will not longer muster the necessary number of votes.

Other, more intricate moves are possible as well. Russian politics is unpredictable.

They Are Not Going To Touch Little Pavel

Arkadiy Murashev, member of the political council of the Russia's Choice movement:

Events will develop along the following scenario: On 1 July the Duma will vote for confidence in the government. And those deputies who a week and a half ago voted no confidence will vote for confidence without any qualms. This does not bother them at all. I think the government will muster the necessary 250 votes in its favor. How will it look by faction? Of these votes, 50 will come from Russia's Choice and 50 from Zhirinovskiy. The bulk of the deputies who will make an about-face and vote "for" will be from the LDPR [Liberal Democratic Party of Russia].

Such behavior is easy to explain. Why should they disband? They are unlikely to be happy about the prospect of being stripped of their deputy powers, including such perks as free travel, aides, offices, decent salaries, and cars. It is much better to go into the elections having all this. So in this sense I do not anticipate any principled stand on the part of the LDPR. The Communists are another matter. They consider this government an occupier. They will probably vote against it. Or G. Yavlinskiy. He will also stand firm. Everybody else will quite calmly vote for confidence. This is another six small factions, on average 25 members each.

I would guess that to observe some proprieties, Yeltsin will use the excuse of the Budennovsk nightmare and dismiss some of the enforcement ministers. Most likely, Stepashin and Yerin. Stepashin is most socially alien to Yeltsin. And Yerin bears most of the blame. He will not touch little Pavel—probably.

Lebed Declares Intent To Run for President

LD3006195595 Moscow NTV in Russian 1800 GMT 30 Jun 95

[Video report by Sergey Barabanov from Tiraspol]

[FBIS Translated Text] Since time immemorial, Russians have always loved the hero and the martyr. Aleksandr Lebed, lieutenant general in reserve, has managed to bring both these concepts into the focus of his glory.

Yesterday, just about 50 percent of the female population of Tiraspol came to the town's Garrisson Hotel. Today practically all officers came to the military airport to say goodbye to the dismissed commander of the 14th Army, all despite the fact that it was a working day and the new army commander, General Valeriy Yevnevish chose to stay working in the Army headquarters, rather than go to the airport, thus breaking an officers' tradition.

Before his departure, Aleksandr Lebed finally shared with the NTV company his thoughts of his personal future.

[Begin Lebed recording] I think I will probably run for president. One should gather people who have common sense under one umbrella. And one should at last work for one's own country. One should not listen to idle chat. One should be guided by one's own intellect, live

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on one's own land, and work, remembering that no one is going to pull us out of the pit into which we have dug ourselves. [end recording]

It is already known that General Lebed will take up the post of deputy chairman of the Congress of Russian Communities. This is how he explains the aim of this organization.

[Begin Lebed recording] There are three main concepts. One should consider Russia one's motherland; the Russian language — one's mother tongue; and one is committed to the Russian culture.

This organization, or movement, is above religion or politics, so to say. One can be a communist, a democrat, an atheist, or a deeply religious person, but one must be a Russian. You live on this land. This is your land, and your children and grandchildren will live on it, too. That is why it is up to you to look after this land.

This vilifying and plundering of our land should be stopped, and serious sensible creative work should finally start.

By the look of it, we have it all: we have a wonderful territory — one eighth of the world, its mineral wealth is unbelievable — but we live like pigs, year in year out, decade after decade. Why? Eventually the question is about how the life of society is organized, right? That is exactly what we want to change — the organization of the life of society. [end recording]

So, General Lebed is gone, but the problems of the 14th Army remain. Recent negotiations between Presidents Boris Yeltsin and Mircea Snegur did nothing to alleviate them.

Yeltsin Orders Reform of Sociopolitical Center

MM0307102095 Moscow ROSSIYSKAYA GAZETA Weekend Edition in Russian 1 Jul 95 p 3

[Unattributed report under general heading: "Bearing President's Signature"]

[FBIS Translated Text] Russian President Boris Yeltsin has issued a directive re-forming the Russian Sociopolitical Center into a foundation of the same name. The Russian Presidential Staff and other interested parties are the foundation's founders. The membership of a commission to re-form the Center was also ratified.

Russian Communists Open 30th Congress in Moscow

LD0107173195 Moscow ITAR-TASS in English 1713 GMT 1 Jul 95

[By Igor Belskiy]

[FBIS Transcribed Text] MOSCOW, July 1 (ITAR-TASS) — Russia's Communists opened their 30th congress in Moscow on Saturday and urged their allies to establish a broad-based people's front to win the upcoming elections.

Oleg Shenin, chairman of the Council of the Union of the Communist Parties — CPSU (UCP-CPSU), said in his opening remarks that a defeat in the elections will have disastrous consequences for the country.

The congress, the second since the disintegration of the Soviet Union and the ban on the Communist Party of the Soviet Union (CPSU), will review the party programme and make changes to the UCP charter which calls for the restoration of Soviet power, socialism and the Soviet Union on a voluntary basis.

The draft UCP-CPSU programme submitted to the congress being attended by over 400 delegates has a provision saying that internal and external enemies will step up their resistance as the country moves towards socialism.

While declaring that the working class, the peasantry and the working intelligentsia constitute the communist party's social basis, the document points out that Russian society remains largely heterogeneous. It is the neglect of this consequence of social development that has led to the "temporary restoration of capitalism" in Russia, Shenin said.

UCP-CPSU To Organize 'New Offensive of Socialism'

LD0207162095 Moscow INTERFAX in English 1538 GMT 2 Jul 95

[FBIS Transcribed Text] MOSCOW, July 2 (INTERFAX) — The Union of Communist Parties — CPSU (UCP-CPSU) "transfers into a practical plane the organization on the territory of the former Soviet Union of a new offensive of socialism" and intends to revive the union state. This is said in the union program, whose new wording was approved at the 30th congress of this voluntary international association of 22 Communist parties and movements of the former Union republics, which ended in Moscow on Sunday.

The document says that only Communists, united in a single party, may become "the motive force for the revival of the strong, dynamically developing state".

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Chairman of the political executive committee of the UCP-CPSU Council Oleg Shenin (former CPSU secretary, who was involved in the abortive coup in 1991 — IF) believes that "the clear desire to achieve this goal is the main result of the congress".

Meanwhile, leader of the Russian Communist Party Gennadiy Zyuganov, in an interview with INTERFAX, described as "rather problematic" the unification of 100 Russian Communist parties into a single election bloc at the upcoming elections.

He believes there are in Russia "only two Communist parties", the Communist Party of the Russian Federation he leads and the Russian Communist Workers" Party, while the rest are nothing else as individual groups".

Nevertheless, during the work of the congress, there was a conference of representatives of three Russian Communist parties, members of UCP-CPSU, whose leaders confirmed the readiness to unite into a single election bloc of Communists. It was decided to continue consultations on July 4.

The UCP-CPSU congress, in which 450 delegates from all former republics of ex-Soviet Union took part, ended its work on July 2 by the closed-door session. The delegates approved a new program of the Union and introduced changes and amendments to its Charter.

A spokesman for the UCP-CPSU Council told INTERFAX that Shenin was recommended to be re-elected chairman of the Council's political executive committee.

Media Issues

Poltoranin on Chief Editor's Dismissal

MM3006174995 Moscow PRAVDA in Russian 1 Jul 95 p 1

[Unattributed report: "ROSSIYSKAYA GAZETA Without Editor"]

[FBIS Translated Text] At a sitting of the ROSSIYSKAYA GAZETA editorial collective yesterday, Natalya Polezhayeva, chief editor of the government organ, announced her resignation. The sources of the disfavor, according to one high-ranking staffer at ROSSIYSKAYA GAZETA, are to be found in the Chernomyrdin-Ignatenko entourage. The formal reason may be either financial violations (a Control and Auditing Administration commission is working in the newspaper, and the results of its work have yet to be summed up) or political mistakes — law suits lost to Luzhkov, and then to Yakovlev over articles in ROSSIYSKAYA GAZETA. At the moment, until her formal dismissal, a reorganization is going on (possibly the covering up of tracks) — editorial office workers, spread around daughter "agencies," are hurriedly applying to join the editorial staff again, and changes in the regular staff are being prepared for the "return" of crowds of prodigal sons and daughters.

At our request, Mikhail Poltoranin, chairman of the State Duma Committee for the Press, whose protegee N. Polezhayeva had been, also commented on the situation:

"I have information to the effect that Ignatenko carried out some haggling with the president: If she is removed, then the Moscow publications ranging from IZVESTIYA to OBSHCHAYA GAZETA, which uphold the interests of major capital, will become more loyal to the president. I doubt this very much because the love of Moscow's major financial capital is as fickle as the weather.

"I would like to say that Natalya Polezhayeva defended both the president and Premier Chernomyrdin too much. And she should learn her lesson: These people do even not deserve flies to be brushed away from their table, never mind being defended."

Military Issues

Moscow To Join Export, Missile Technology Bodies

LD3006170095 Moscow INTERFAX in English 1524 GMT 30 Jun 95

[By diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others; from the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, June 30 (INTERFAX) — Russia will become a co-founder of two international organizations, the first — on export control, the second — on missile technology non-proliferation. The announcement was made by Russia's Prime Minister Viktor Chernomyrdin at a news conference Friday following a session of the Russian-American Commission on Economic and Technological Cooperation.

Asked about the Russian-Iranian deal on the sale of nuclear reactors for a nuclear power plant to be built at Bushehr, Chernomyrdin replied that the issue was thoroughly examined and "would be further discussed since it requires much scrutiny." Chernomyrdin recalled that when he and Gore had discussed Russia's deal with Iran, they had agreed that no nuclear cooperation with Iran must provide it with the technology to create a nuclear weapon of its own. "We will do all we can so that Iran will never be able to produce a nuclear weapon," Chernomyrdin said.

He reported that he had thoroughly discussed with Chernomyrdin the problems of Russia's supply of

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conventional arms to Iran. According to Gore, the issue was reviewed in detail, and the two sides came to terms on it. Chernomyrdin confirmed that "mutually acceptable approaches to these problems were found."

Director Surveys Border Service Concerns

95UM0493A Moscow ARGUMENTY I FAKTY in Russian No. 26, Jun 95 p 3

[Interview with Federal Customs Service Director, Colonel General Andrey Nikolayev, by ARGUMENTY I FAKTY editorial staff in Moscow; date not given: "A. Nikolayev: 'A Border Must Be... Convenient'"]

[FBIS Translated Text] [ARGUMENTY I FAKTY] Andrey Ivanovich, in yet another of his television interviews, Pavel Sergeyevich Grachev recently said once again that he would like to see everyone wearing shoulder boards in Russia be subordinated to the minister of defense. Perhaps this should indeed be done? There will be someone to hold to answer for crime (the police is a uniformed service), for border protection, and for state security.

[Nikolayev] During the period of building a new state, and with it—each of its institutions—this "let us merge everything and then divide" is extremely dangerous. In our recent history, we have already merged and then broke up kolkhozes and ministries. In the final count, it resulted in a collapse of our economy. The merge Pavel Sergeyevich proposes will create a threat to our security—internal and external. Why?

First point. There is a treaty on reducing armed forces and arms in Europe, to which we are a signatory. If we merge all services, we will lose the ability to place some of the armaments in internal and border troops. Will this benefit Russia?

Second point. Does the head of the state, being the commander in chief, need for the military to be in the hands of one person? Will not this person become a de facto dictator if there is no counterbalance to him?

Third point. Do you believe in the prospect of a world war in the near future?

[ARGUMENTY I FAKTY] No.

[Nikolayev] Which means that of all uniformed services the military is currently handling the tasks that are not the most important. Ask any person on the street: "What represents the greatest danger for you?" He will reply: crime, drugs, smuggling, refugees, unemployment. But not America, not NATO. And the bulk of the problems I enumerated are the sphere of the police and special services.

[ARGUMENTY I FAKTY] All our life we were proud that we had the mightiest weapons in the world, including in the border troops; we believed that the border was securely locked. Today, in television reports from the Tajik border, we see images of boys: ragged, undernourished, with primitive weapons, who are getting killed practically every day. Can it be that we still do not have anything to keep our boys safe?

[Nikolayev] Until the war in Afghanistan, the Tajik segment of the border was considered one of the most quiet. Border troops considered themselves lucky to be assigned there. Border posts were separated by distances of 50 to 100 kilometers and were built on the average at the altitude of 1,500 meters. Directly in the mountains, there were no protection systems or barbed wire. Border post sites were selected in such a way as to enable us to **protect** the border—not **defend** it, as well as to ensure normal life for personnel.

Then there was a war, which lasted almost 10 years. At the time, border troops moved 100-200 deep into Afghanistan in order to make it impossible for commandos to penetrate our border.

After the war in Tajikistan in 1992, part of the irreconcilable opposition ended up in Afghanistan, and part—in the territories bordering with Afghanistan. The opposition operated from Afghan mujahidin bases and drew on financial support of some Arab countries. As a result, 5,000 Russian border troops in Tajikistan found themselves squeezed from both sides by armed formations equipped with most modern weapons...

[ARGUMENTY I FAKTY] Purchased with the money earned in drug trade?

[Nikolayev] Yes. In 1994 production of drugs and their transit through Afghanistan earned $50 billion for criminal groups. "The New Drug Road" begins in Pakistan and northern regions of India, goes through Afghanistan, then to Kyrgyzstan and Tajikistan, and from there—to Europe. Another, already established route goes from Pakistan and Afghanistan to Iran and Turkey and from there to the Near and Middle East.

[ARGUMENTY I FAKTY] What percentage of drugs is currently moving through CIS countries?

[Nikolayev] About 15 percent. This is both through the Caucasus and Central Asia.

[ARGUMENTY I FAKTY] How much does it cost to outfit a border post—all the bells and whistles, so to say?

[Nikolayev] About 10 billion rubles [R]. A border post usually watches a segment of 15-25 kilometers.

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It costs R3 billion to set up 1 kilometer of border. This is including communications and the electric alarm system. Russia's total dry land border is 14,000 kilometers long. And we only cover half of that with the system.

In places where the border goes through high mountains, such as in Tajikistan, it is impossible to set up the system. As a result, we found ourselves in a situation where we have to put together a completely new group of border troops that would be commensurate with the tasks of border protection and defense and would not force us to drag many Russian boys there.

And the Tajikistan border is protected today not by 5,000 Russian border troops as in the past, but 18,000. Of them, 75-80 percent are citizens of Tajikistan. This I consider a serious achievement.

With a number of CIS countries—Kyrgyzstan, Armenia, Georgia, and Tajikistan—we signed agreements, in keeping with which we carry joint protection of their external borders.

[ARGUMENTY I FAKTY] Will it not be a great achievement to completely withdraw from Tajikistan and build our own Russian border? We will probably have to withdraw from there sooner or later anyway.

[Nikolayev] Any normal person should not even allow a thought of us withdrawing from there. Russia has invested enormous money there, labor and blood of many generations. But our presence there should be not physical but, rather, functional. That is, we need to teach them to protect themselves and participate in this work, while ensuring our Russian national interests.

[ARGUMENTY I FAKTY] But the opposition is talking about sovereignty, which Russian border troops prevent.

[Nikolayev] America invests capital in Mexico. Does this diminish Mexican sovereignty? But on the other hand, America will do everything to protect its citizens' property in this country. This is its strategic interest.

If we abandon Tajikistan today, new sponsors will immediately come on the scene. But Russia has its strategic interests in Tajikistan, which we have an obligation to protect—both economic, and political, and military. These interests had been formed by many generations of Russians before us, and our progeny will not forgive us if we do not protect them.

And something else. It is in our interests to help Tajikistan— as, for that matter, other Commonwealth countries—to get on their feet, to become truly sovereign states but friendly to us. And the border is in a way a sum of all component parts: politics, economics, psychology, mentality, if you wish. If we live within common borders, it means that much of what we have will be shared. While at the same time, I repeat, fully respecting sovereignty of each member of the Commonwealth.

[ARGUMENTY I FAKTY] But you would agree that this is nonsense—to protect someone else's borders. Imagine that, instead of Rakhmonov, who is loyal to Russia, opposition comes to power in Tajikistan. It will thank us for the trillions invested into its borders and will ask us to leave.

[Nikolayev] But, first, it is not we who elected Rakhmonov. We work with him because by the will of fate and his people he is at the helm of Tajikistan. Second, if Russia does indeed have a policy, a person who will be disloyal to Russia should not come to power in Tajikistan. This is a matter of principle.

[ARGUMENTY I FAKTY] But how can we dictate our will to the people living in a foreign country?

[Nikolayev] First, it is not a foreign country. The fact that we have separated does not mean that we became strangers to each other.

Second, we have no intention to dictate our will to anyone, but we do have to form conditions that would prevent anti-Russia-minded politicians from becoming heads of states friendly to us—this is our duty. Otherwise, it would be irresponsible toward our own people.

Third, if we leave old borders, who and on what money will build new ones for us? If such a decision is made, I will immediately resign, because I will be unable to carry it out.

Fourth, if we leave, what will happen to 12.5 million Russians living in Central Asia? Are we ready to accommodate them in Russia?

[ARGUMENTY I FAKTY] Will this approach be extended to other Commonwealth countries?

[Nikolayev] We are returning only where our help is truly needed. For instance, to Kazakhstan and Belarus. A state that signs a treaty with Russia takes an obligation to protect its external border in the interests of all CIS countries, including Russia. If necessary, Russia will help to outfit the borders with, for instance, Baltic countries, will help with specialists, technical equipment, weapons.

An operational group monitors compliance with the treaty on the border control. For instance, in case of Kazakhstan this could be 130 Russian officers—specialists dispersed throughout border units and control

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points and with a liaison at the Kazakhstan's border troops command.

Respective agreements with Ukraine, Uzbekistan, and Azerbaijan are at the stage of preparation.

[ARGUMENTY I FAKTY] What is your idea of an ideal border?

[Nikolayev] It should be convenient and free to cross for all normal law-abiding people, In the near future, we will try to set up a so-called "green corridor" for Russian citizens in Sheremetyevo-2. It means that, if you have everything in order, you will not languish in lines but will proceed without delay.

[ARGUMENTY I FAKTY] Why was it not done earlier?

[Nikolayev] We needed money to purchase special equipment. It includes means of objective monitoring: electromagnetic, radiometric... That is, the monitoring a person does not feel or notice. But, if you are carrying contraband while walking through the "green corridor," do not be surprised if you get stopped and asked to open your suitcase.

[ARGUMENTY I FAKTY] Unfortunately, when traveling abroad, Russian citizens often encounter rudeness. Both in our own and foreign airports. And it seems that rudeness to Russians in foreign airports is especially glaring.

[Nikolayev] There is fear of Russians in other countries now, and they are trying not to let them in, out of concern of being overrun by criminals. As to our border control points, I think that the quality of service will be improved very soon. We are removing fixed-term military servicemen from the jobs that involve documents check (the passport and visa control). They will be replaced by uniformed women and ensigns. But the point is not just politeness—you see, a document control officer becomes proficient in his job only after about five years of service. We have more than 250 border crossing points in Russia. Beginning 1 July, they will no longer be part of the troop protection of the border. We are putting them into a special-service mode.

[ARGUMENTY I FAKTY] Why are our airports filled with Africans who seem to be living there for years?

[Nikolayev] This question should be addressed to the migration service and its head, Mrs. Regent.

[ARGUMENTY I FAKTY] And what about customs?

[Nikolayev] It carries out many functions, which are, by the way, not associated with the border—collects customs duty, sets customs quotas. We believe that customs control should be merged with border control. Next. If you are bringing in a dog, there is sanitary control. If you are traveling by car—transportation control. And so on. This is an absolutely obsolete scheme, which forces the state to cough up money.

[ARGUMENTY I FAKTY] While not wishing to move under the wing of Grachev, you at the same time want to grab a couple of services for yourself.

[Nikolayev] Because this is logical. Imagine that you, a law-abiding citizen, are coming home from a business trip. You are met by only one person, who, if your documents are in order, simply stamps them, permitting the entry.

To have this, we need to have only one service—we call it the Federal Border Service—and it should play a coordinating role in relation to others.

[ARGUMENTY I FAKTY] There is a witch hunt going on all over Russia now. Chechens are feared; they are being detained. But, after their forced resettlement to Kazakhstan in 1944, they have scattered all over the country, settled in Moscow and other major cities. In your opinion, do they represent danger?

[Nikolayev] I do not have any problem with the fact that there are Chechens living in Moscow. If we start kicking them out, however, and telling them to go back to their Chechnya—then we should expect big trouble. If you ask any of us who he is by his ethnic origin, how many can say that there have pure Russian blood? You may not be a Russian by blood but feel yourself a citizen of Russia. And most Chechens, I am convinced, truly feel themselves citizens of Russia.

[ARGUMENTY I FAKTY] You are still relatively young, Andrey Ivanovich. You are 46 years old. What is your dream?

[Nikolayev] You have repeated verbatim a question I was once asked, among others, by a high-ranking official. I was at the time a division commander, in the rank of colonel. And I answered then: I want in my life to achieve maximum independence in my work. This is all I want. But on one condition: The level of my competence must be commensurate with this position, my knowledge, and abilities. I do not want to step over this plank. If I step over it and find myself out of my waters, it will be a catastrophe—for me personally.

Federal Assembly

Government Survives Duma No-Confidence Vote

LD0107071595 Moscow ITAR-TASS in English 0707 GMT 1 Jul 95

[FBIS Transcribed Text] MOSCOW July 1 (ITAR-TASS) — The State Duma, or the lower house of par-

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liament, has not pass a definitive vote of no-confidence in the government at the plenary session today.

The tally was 193 votes for no-confidence and 117 for confidence, with 48 abstentions. For the no-confidence resolution to be carried, 226 votes against confidence were required.

Duma Voting on Motion Detailed

LD0107235195

[FBIS Editorial Report] Moscow Russian Television Network in Russian at 1940 GMT on 1 July carries a 30-minute program entitled "Debate in the Parliament." The program is presented by correspondent Yelena Ozrina and is devoted to the results of the vote of no confidence in the government. Leaders of the State Duma factions and deputy groupings, including Sergey Glazyev, Yegor Gaydar, Vladimir Medvedev, Aleksey Aleksandrov, Yelena Lakhova, Vyacheslav Nikonov, Igor Shichanin, and Vladimir Zhirinovskiy are shown speaking at the extraordinary session of the State Duma at which the issue of no confidence in the government was discussed on 1 July.

The results of the voting by the factions and deputy groupings are given as follows:

The Democratic Party of Russia faction: for the no-confidence motion — nine; did not take part in voting — one.

Russia's Democratic Choice: for the no confidence motion — one; against — 46; abstentions — two; and four did not take part in voting.

New Regional Policy deputy grouping: for — six; against — four; abstentions — 19; and six did not take part in voting.

Stability deputy grouping: for — none; against — 26; abstentions — one; 11 did not take part in voting.

Women of Russia faction: for — one; against — none; abstentions — 20.

Russian Unity and Accord Party faction: for - one; against — 10; 10 did not take part in voting.

Russia deputy grouping: for — two; against — 12; abstentions — one; 19 did not take part in voting.

Liberal Democratic Party of Russia: for the no-confidence vote — 51; against — none; did not take part in voting — three.

The correspondent reports that only 193 deputies voted for no confidence in the government. Comparing today's vote with the vote on 21 June, the correspondent notes that the Democratic Party of Russia and Communist factions again voted for no confidence in the government. The Liberal Democratic Party of Russia faction increased its no confidence vote by eight. The Russian Unity and Accord Party, Russia's Democratic Choice factions, and the Stability deputy grouping voted against no confidence in the government as before.

The correspondent points out that the Agrarian Party of Russia played a major role in the results of the voting. Fourteen agrarians changed their stance toward the government. Seventeen deputies from the New Regional Policy and nine deputies from the Russia deputy grouping also changed their stance toward the government.

Speaking about particular individuals, the correspondent notes that Ivan Rybkin did not take part in the voting on either occasion. The correspondent also reports that Grigoriy Yavlinskiy, Vladimir Lukin, and Viktor Shenis voted for no-confidence in the government on 21 June. They decided not to take part in voting on 1 July. Independent deputies Boris Fedorov and Vyacheslav Marychev voted for no-confidence in the government again. Deputies Irina Khakamada and Gennadiy Burbulis did not take part in the voting on either occasion.

The correspondent interviews Ivan Rykin, the chairman of the State Duma, who summed up today's extraordinary session of the State Duma on no-confidence vote in the government. The State Duma chairman speaks about the immediate tasks facing the State Duma and invites the deputies to work hard to resolve the contradictions between the State Duma and the government.

Deputies Surveyed on Vote

LD0107191895

[FBIS Editorial Report] Moscow Russian Television Network in Russian at 1600 GMT on 1 July broadcast a six-minute video report during the "Vesti" newscast on today's failed no confidence vote at the State Duma, which shows a government opposition rally that took place before the session, the session itself, and deputies milling in the corridors of the Duma, giving their assessment of the vote after the session.

A number of deputies spoke before the vote. Yegor Gaydar, leader of Russia's Choice movement, said: "I am pleased that the leaders of the power ministers were courageous enough to tender their resignations. I am also pleased that the president was courageous enough to accept the resignation of most of them. I believe that this was done not because of pressure, although we did insist on it, but because the president realized that this was necessary in order to safeguard the prestige of the Russian state."

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Vyacheslav Nikonov, from the Russian Unity and Accord faction, then said, addressing the deputies: "It may well happen that the instigators of the no-confidence vote who are hoping to acquire a halo of the defenders of the people or of the martyrs in the fight against the anti-popular government, will indeed end up being no worse off. But it may also be that you will indeed end up worse off because you will also be marked as those who destroyed the fifth State Duma and the representative power in Russia for personal electoral gains."

Grigoriy Yavlinskiy, leader of the Yabloko faction, then advocated postponing the vote in order to give the president more time to make important decisions. He said: "Yesterday you all witnessed the fact that some very serious and uncharacteristic for our country decisions were made by the president. This means that a very complicated process is underway now, that of finding a solution to the political crisis and reaching a mutual compromise."

Vladimir Zhirinovskiy, leader of the Liberal Democratic Party of Russia, then went to the rostrum. He accused the government of receiving instructions from Western special services and talked about a secret protocol on the take-over of Eastern Europe, which will in his eyes inevitably lead to the destruction of the Russian people. He said, waving toward the deputies on his right: "There, do you see them making all this noise, those traitors! They are scared of being found out. Never mind, never mind, judgement day will come to all of you!"

Sergey Glazyev, from Russia's Democratic Party, advocated voting against the government. He said: "Who will take responsibility for the privatization, or rather the method of privatization that led to the criminalization of the economy and to chaos in our society?"

Viktor Chernomyrdin, shown right after the session said: "The conflict is resolved. This is what was worrying us most of all. I said that and can repeat it once again: This is no time to do such things. The country needs both the State Duma and the government. We must now think about the draft budget for 1996. We must adopt laws without which the country can no longer live. I am glad that the Duma was strong enough to make this decision. Thank you."

However, not all deputies were as pleased. Gennadiy Zyuganov, leader of the Communist Party, said: "I had a feeling that the government realized that it was not going to get the confidence vote, if such a vote were to take place, realized that if the Duma is dissolved its block will not win in the elections and that it is beginning to realize that it can no longer carry out the old economic policies."

For his part, Deputy Aleksandr Nevzorov said, without specifying whom he meant, that they all behaved like dolphins who jump out of water to show off, only to fall down again, and that in general they were all somewhat hysterical.

Gaydar Addresses Duma 1 Jul

LD0107092095 Moscow Russian Public Television First Channel Network in Russian 0600 GMT 1 Jul 95

[Address by Yegor Gaydar, leader of Russia's Choice faction, to a session of the Russian State Duma in Moscow — live]

[FBIS Translated Excerpt] Esteemed chairman, esteemed deputies! There are many politicians in this hall who will express no confidence in any government that they are not heading. [applause]

Our position is determined not by who heads the government but what it does. We tried for a long time to convince the government to learn its lessons from last year and stop printing empty money. Since January the government has done so.

We tried for a long time to convince the government that that most complex ethnic problem in Chechnya cannot be resolved by force; that they must sit down at the negotiations table and seek ways out of that crisis in difficult and hard talks. The government has now embarked upon that path.

We tried to convince the government during the Budennovsk crisis that saving people's lives must be the focus of attention. And it was this approach that the government took to settling that crisis.

From the start of the Chechen war, we said that those who had brought about that war, who were responsible for its prosecution, should leave the Russian Government, and I am glad that the heads of the power ministries found the courage to resign, and I am glad that the President found the courage within himself to accept at least the resignation of a considerable part of them. I think that this was not done under pressure, although we insisted upon it, but because the President recognized that this was necessary to preserve the authority of Russian statehood, that if it was dear to anyone, those who were responsible for Budennovsk should go, and I am glad that that decision was taken.

Therefore, our faction won't change its position. We have quite a few claims against the government. We will find the time to speak about them. [passage omitted] But now that the government has taken a whole series of

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responsible and courageous steps, in our view it would be simply dishonest to vote no confidence in it. Thank you. [applause]

Zhirinovskiy Speaks at Duma Session

LD0107101995 Moscow Russian Public Television First Channel Network in Russian 0638 GMT 1 Jul 95

[Address by Vladimir Zhirinovskiy, leader of Liberal Democratic Party of Russia, to a session of the Russian State Duma in Moscow — live]

[FBIS Translated Excerpt] Today the attempt to remove a few ministers has no significance. What is needed is a radical change in the whole policy of the government, a complete doctrine for our development, a program of existence. There is no such thing, and that is what we are fighting for.

In November 1990 Gorbachev signed the Paris Charter and a secret protocol. Do you know what the secret protocol was about? In 1992 President Yeltsin signed it again. Where is the secret protocol? I say the protocol was about the mastery of eastern Europe. [passage omitted]

The program was about the relocation of harmful industries and the future of the USSR. Virtually every aspect of the program has been implemented, except the last one: taking away our land. At the moment individual minor provocations are being organized, minor crises, to take away our land using our debts as security. The doctrine will make the people of Russia and Russians destroy themselves. The aim is to leave 30 million Russians living here. Several million of them are dying each year.

All this is being carried out before your eyes, by a government that is nothing less than a government of criminals. It is a crime. It is the very betrayal of the Motherland that they tried to accuse the SCSE [State Committee for State of Emergency, which mounted a failed coup in 1991].

It is we who have to change the whole policy because what is currently taking place is destroying us. In October 1992 Yegor Gaydar received an instruction from Kissinger in the American Embassy to break the whole of Russian industry except for its raw materials. [passage omitted: quotes from a statement made by Gaydar at the time]

All the current problems, the attempts to unleash civil war in Russia, surely you can see them from Moscow? Some are arming Dudayev and others arming the opposition, and then they bring them into conflict. And people say the power ministers couldn't do something — it's shameful. None of the power ministers will do anything until our policy changes, a policy that fits in fully with a doctrine of liberation. This liberation is from us, do you understand? The brains of the population and most deputies have become so clouded that they do not understand they themselves are destroying the country. [passage omitted]

How can you not understand that the question is not which two or three ministers to remove, but about how to remove the fifth column from Russia, to separate ourselves from the United States and Israel? Otherwise we will all perish. Why are you worried about the next State Duma, when it will not be needed without a population? What sort of laws will it adopt, for whom?

What is taking place today, the whole scenario of war against Russia... if they criticize Hitler, those who are marching on Russia now are much worse, much more perfidious, much more terrible, and have already done more harm to Russia than Hitler and Napoleon. [passage omitted: Zhirinovskiy again accuses government of preparing to take away Russian land]

Today's vote will reflect the purity of deputies before their electors. If you really want to defend them, back the no-confidence vote. Don't be afraid, the Duma won't be dissolved. Not because it's not in our interests, but because it's not in theirs. Because they'll lose the elections in September. If the Duma is dissolved on 7 July, in September the fifth column won't have the right to take part in the elections in September. [passage omitted]

The Liberal Democratic Party of Russia faction will vote unanimously — except for the traitors who have always existed and will continue to exist, weak people — to express no confidence in the government. I appeal to all deputies to be honest to your electors and remember this is not just about confidence, it is about rejecting this policy, this doctrine, this program to destroy Russia. [passage omitted: Zhirinovskiy continues and is cut off by State Duma chairman Ivan Rybkin]

Chernomyrdin Addresses Duma

LD0107074495 Moscow Russian Public Television First Channel Network in Russian 0650 GMT 1 Jul 95

[Address by Prime Minister Viktor Chernomyrdin to a session of the Russian State Duma in Moscow — live]

[FBIS Translated Text] Esteemed chairman of the State Duma! Esteemed deputies! The voting that has just taken place has drawn a line under the parliamentary-governmental crisis. In accordance with the Duma regulations, the question of no confidence in the government is considered to be rejected. The crisis has been settled on the basis of compromise within the framework of

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the conciliation procedures provided for by the Russian Constitution with the direct participation of the Russian president. The path to this was not an easy one. Nevertheless, we can say with satisfaction today that in the end all sides displayed political responsibility, restraint, and an ability to find a way out of the situation.

Yesterday evening there was a government sitting at which there was a comprehensive analysis of the state of affairs that had evolved. Decisions were taken: If the Duma travels its path, or part of the path in resolving the conflict, then the chairman of the government will not insist upon implementing the right granted to him by clause four of Article 117 of the Russian Constitution on raising before the State Duma the question of confidence. It is namely this I do now.

[State Duma Chairman Ivan Rybkin] I ask that this statement be entered in the protocol of our extraordinary sitting.

[Chernomyrdin, continuing] This might be the end of it today but, nevertheless, I will say a few words about what we could do, may do together, in the days left before the elections in December.

On 19 July, as planned, I will address you, giving detailed information about the country's socio-economic situation. By this time, the results of the first six months of the year will be analyzed, a forecast for 1996 will be prepared, and a draft budget for next year will be drawn up. So there will be something to tell you about, and there will be something to talk about.

The government is ready to cooperate with deputies' factions, groups, and Duma committees on the entire gamut of social, political, and economic problems.

I am also sure that through joint efforts, we will be able before the December elections to make considerable progress in guaranteeing the legislative basis of the reforms.

It is essential we adopt the budget for 1996, a package of laws making it possible to begin the tax reform, including tax codices, laws on bodies of power, land codices, and a law on joint-stock societies.

There is also a great deal to be done in questions of national and social policy. I am convinced that a peaceful settlement in Chechnya has particular significance for all of us. Peace is necessary for Russia to develop in a stable and normal fashion, and you and I should attain that together.

It is necessary to draw up and adopt urgently a law on measures for a political settlement of the crisis in the Chechen Republic. The unified action, the policy of the president, of both chambers of the Federal Assembly, the Russian Government, and of all federal authorities for settling the crisis in the Chechen Republic are consolidated in that law. Such a unified policy raised within the framework of the law will provide a reliable legal basis for the process of a peaceful settlement and will serve as a guarantee of a successful resolution to the conflict in Chechnya.

I want to stress in conclusion that in the compromise found by us, there are no losers. On the contrary, there is general gain in the fact that constitutional law and order has grown stronger. The parliamentary-governmental crisis has been resolved exclusively on the basis of and within the framework of the Russian Constitution and that is very important today.

I see another positive result, which is fact that the mechanism of mutual consultation has come into play. That instrument of balancing interests and coordinating positions has shown clearly that it is highly effective.

The conclusion from this is also clear: both the government and the Duma need to embark upon closer and more intensive dialogue, to build their own kind of system for providing early warning of threats to political stability.

I think that, today, our common, well-considered positions, our compromise, have demonstrated to the whole country the ability of the federal center to take responsible decisions. I see in this the pledge of the further strengthening of the unity of Russia.

In my view we have a further common task: to do everything to ensure that the country meets the elections without any shocks or shakes, to ensure that they take place precisely within the time-scale defined by the Russian Constitution.

There is the real chance now as never before to master the economic situation. I will say without any exaggeration that the political conditions of economic work are crucial here. There have been and will be disputes over economic policy, but let us resolve them without inflicting irreparable damage upon stability in the country!

It is probably worth thinking about the mutual commitments of all sides in the conciliation process as to how to avoid extreme measures that threaten to paralyze the work of every branch of power. If there is a need, such commitments could be formalized through relevant statements by both the Federal Assembly and the government; the president could be asked about this. We are ready for this.

Lastly, before the end of the year, or rather, before the start of the elections, we can still manage to do a lot

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together. Let's do it! Let's succeed! Our people, our Russia will gain from this first of all. Thank you.

Chernomyrdin Expresses Gratitude

LD0107102095 Moscow ITAR-TASS in English 1008 GMT 1 Jul 95

[By Pavel Kuznetsov]

[FBIS Transcribed Text] MOSCOW, July 1 (ITAR-TASS) — "I'm glad that the Duma found forces to take this decision," Russian premier Viktor Chernomyrdin told journalists on Saturday after the State Duma failed to express no-confidence in the government at the second voting.

The conflict has been resolved at long last, he stressed. "I said and can say it once again," the premier continued, "it is not time to be engaged in such things. The country needs both the State Duma and the government."

The general elections will be held in the country in any case, the cabinet head noted. "We have to work now, and there is something to work on."

Chernomyrdin confirmed that he would address the Duma on many issues on July 19 when it will be possible to discuss these issues and supplement them. "We should now think about a draft budget for 1996, and think about adopting such laws without which the country cannot live any more," the prime minister underlined.

Rybkin Comments on Confidence Motion

LD0107105095 Moscow ITAR-TASS in English 1036 GMT 1 Jul 95

[By Pavel Kuznetsov]

[FBIS Transcribed Text] MOSCOW, July 1 (ITAR-TASS) — "Differences will always be, but they should be settled in good time," speaker of the State Duma (Russian parliament lower house) told journalists on Saturday after the end of the special plenary session of the house which discussed no-confidence motion in the government.

He noted that the Duma is to discuss a draft budget for 1996 as well as drafts of new tax and land codes. He stressed that many differences will arise during these debates, "but all of them should be settled in compliance with the constitution and laws, in compliance with conciliation procedures".

In this connection, Rybkin said that the Russian president suggested a regime of conciliation procedures "on a permanent basis" in line with the Russian Constitution. This work could be done by a Conciliation Commission headed by the Russian chief executive.

In the speaker's opinion, the commission could include representatives from all State Duma groups, five representatives from the Federation Council (upper chamber) and five from the Russian Government.

According to Rybkin, most Duma groups are ready to work at such a commission, and the government has declared that it would also participate in its activities. It will be possible to find out the Federation Council's viewpoint on this question next week.

The speaker noted that "work will not be retarded much with the start of this commission's activities".

Rybkin Sums Up Conciliation Commission Meeting

LD3006123095 Moscow Mayak Radio Network in Russian 1000 GMT 30 Jun 95

[FBIS Translated Text] The State Duma Conciliation Commission's meeting has just ended. The results are summed up by its chairman, Ivan Petrovich Rybkin:

[Begin Rybkin recording] This last sitting brings to an end the difficult work that was entrusted by the plenary session, the president, and the prime minister. The leaders of the parliamentary groups had detailed discussions and meetings with the prime minister. Many questions, most acute questions, were raised — socioeconomic, political, and many others. I imagine that with regard to most of them the government has enough to ponder on and to make concrete decisions.

The meeting with President Boris Nikolayevich Yeltsin lasted a long time. It was amicable and detailed. The conversation was constructive. A whole range of problems was covered. We agreed that, on the basis of Article 80 of the Constitution, the president will regularly initiate conciliation procedures between the branches of power. He proposed a formula for participation: Five deputies From the Federation Council; five people from the government. Ten are needed from the State Duma — but that does not work out. The Duma Council consists of 12, precisely 12. It will operate permanently under the patronage of the president. And the many contradictions which arise naturally between the branches of power will be removed by conciliation procedures on the basis of the Constitution.

Today the Conciliation Commission gradually went off to their own meetings and the meetings of the State Duma and decided on the agenda for tomorrow's meeting, a plenary session. It is item one — a draft Duma decision of no confidence in the Russian Federation's government, a discussion of the repeat vote in connection with the Russian Federation president's disagreement with the vote of 21 June of no confidence in the government. The letter of 22 June 1995.

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Reserve items include the question of a message from Prime Minister Viktor Stepanovich Chernomyrdin requesting that the question of a vote of confidence in the government should be raised. The letter of 22 June 1995.

And, finally, the groups are discussing the question of putting on the agenda the question of a draft federal law on the procedure for forming the Federation Council of the Federal Assembly of the Russian Federation. If we were to pass that brief law right away in three readings, that would complete the set of electoral laws and, when signed, that law would complete the Russian electoral code, as we usually refer to it. The country would then be fully prepared to hold elections within the time frame stipulated by the law and the constitution. [end recording]

State Duma Factions View Medvedev's Statement

LD3006175095 Moscow INTERFAX in English 1502 GMT 30 Jun 95

[FBIS Transcribed Text] MOSCOW, June 30 (INTERFAX) — A number of parliamentary faction leaders commented on today's statement by Presidential Press Secretary Sergey Medvedev who said President Boris Yeltsin had made "individual decisions" on each of the power ministers who had tendered their resignation at Russia's Security Council meeting Thursday.

The Yabloko faction leader, Grigoriy Yavlinskiy, emphasized that "it is unclear from the presidential press secretary's statement what Boris Yeltsin's ultimate decisions on the power ministers will be like. Under the present circumstances, it would be more expedient to put off the State Duma's repeated consideration of confidence in government until decrees to sack the power ministers are published."

The Democratic Party of Russia leader, Sergey Glazyev, described the statement as "internally contradictory." "It is impossible to comment on the statement which contains absolutely no information," he added.

The Liberal Democratic Party of Russia leader, Vladimir Zhirinovskiy, believes that Medvedev's statement contains "a zero of information." "In any normal state, if resignation is applied for in the morning, it is already known by lunch whether it is accepted or denied," he remarked.

The Agrarian Party of Russia leader, Mikhail Lapshin, emphasized that "the president should clearly and specifically say who resignation is accepted rather than leave mystery to this effect before tomorrow's session of the State Duma." He said it was necessary to clarify the issue of the resignation by Interior Minister Viktor Yerin, Defense Minister Pavel Grachev and Deputy Prime Minister Nikolay Yegorov, already given a no-confidence vote by the State Duma. Lapshin noted that most agrarians will vote for no confidence in the government Saturday.

A Communist faction leader, Anatoliy Lukyanov, said "if the president is a serious person, he has to understand that confidence in the government is not connected with the Budyonnovsk events alone, but with the whole scope of issues dealt with by the government." He said Boris Yeltsin had to "first pay attention to those responsible for the unbefitting socioeconomic, internal and foreign policies — First Deputy Prime Minister Anatoliy Chubays, Deputy Prime Minister Sergey Shakhray and Foreign Minister Andrey Kozyrev — rather than the power ministers."

Regional Affairs

Russian-Chechen Peace Talks Continue in Groznyy

Army Daily on Progress, Obstacles

MM3006123995 Moscow KRASNAYA ZVEZDA in Russian 30 Jun 95 p 1

[Report by Aleksandr Pelts: "Talks in Groznyy: Optimism Exists, Compromises Are Needed"]

[FBIS Translated Text] To judge from reports coming out of Chechnya, the second day of the second round of the talks on a peace settlement confirmed the complexity of the dialogue and the substantial differences in the sides' approaches to the resolution of the conflict by political means.

Nevertheless, Vyacheslav Mikhaylov, first deputy minister for nationalities affairs and regional policy and leader of the Russian delegation, voiced definite optimism with regard to the quick resolution of questions in the agenda's "political package." In his opinion, there are good grounds for this, since the second round of the talks is once again being attended by, in addition to Dzhokhar Dudayev's representatives, representatives of the opposition: Lecha Magomadov, deputy chairman of the National Accord Committee, and Abdulla Bugayev, deputy chairman of the government of national revival of Chechnya. The decision to open a mission of the Russian president in Chechnya obviously provided the leader of the Russian delegation with further grounds for optimism. It is proposed that it will guarantee the accords which it is planned to reach at the talks.

The chief question at the talks — the creation of a coalition national council — is attended by the need for mutual and difficult compromises. It is probably very

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difficult now to speak of the sides' readiness to make these compromises. As is known, the Dudayev side insists on the possibility of Dzhokhar Dudayev's return to "big-time politics." Naturally, this elicits protests from the Russian delegation. Well, if things continue like this, it is perfectly realistic that we might encounter in the Chechen authorities' new corridors even...Shamil Basayev himself.

A final point to which attention must be drawn. There is information that, despite the suspension of combat operations, Dudayev's armed formations are once again using the lull to regroup their forces and to bring up ammunition and food. Groznyy itself is uneasy, and bursts of assault rifle fire can be heard at night, and rallies are constantly taking place by day outside the building hosting the talks. The building of the OSCE [Organization for Security and Cooperation in Europe] mission, in which the talks are continuing, is surrounded by three cordons.

Dudayev Resignation 'Prerequisite'

LD3006145995 Moscow ITAR-TASS in English 1432 GMT 30 Jun 95

[By Sharip Asuyev, Nikolay Zagnoyko, Sergey Trofimov]

[FBIS Transcribed Text] GROZNYY June 30 (ITAR-TASS) — Chechen National Conciliation Committee Chairman Umar Avturkhanov and National Revival Government Chairman Salambek Khadzhiyev told a press conference in Groznyy today that they "agree to resign for the sake of reaching peace in Chechnya".

However, they said "unconditional resignation of Dzhokhar Dudayev and his government" is a mandatory prerequisite for a compromise.

The decision of Avturkhanov and Khadzhiyev to step down was the response to a "zero option" proposed at the negotiations in Groznyy by the Russian side.

The Russian governmental delegation to the talks proposed that Avturkhanov, Khadzhiyev and Dudayev step down simultaneously.

Khadzhiyev said there was no formal answer from Dudayev so far.

Commenting on the progress of the Groznyy talks, Avturkhanov said he did not understand "how dialogue could be held at all with representatives of Dzhokhar Dudayev, who is on the pan-Russian wanted list as a criminal".

Khadzhiyev on his part thinks that "Dudayev may take part in the upcoming elections as any citizen of the Chechen Republic unless he is convicted by the court by that time".

Avturkhanov voiced confidence that Chechnya's population would participate in the election to the Russian State Duma.

"Dudayev does not represent any significant political force in Chechnya," Avturkhanov said.

Khadzhiyev said "extremism of Dzhokhar Dudayev has thrown many years back not only the Chechen Republic but also Russia with its fledgling democracy".

Khadzhiyev opined that the agreements on military issues reached with the governmental delegation by now must be immediately implemented regardless of further progress of the talks.

Chechnya's civilians would benefit from this, he said.

Both Chechen leaders pointed out that rigorous actions of federal troops in Chechnya "could broaden the ranks of Dudayev's adherents and enlarge their electorate in the forthcoming elections".

Avturkhanov and Khadzhiyev said they had sent to the Russian leadership a report on unlawful acts of the federal troops in Chechnya.

Avturkhanov said an envoy of the Russian president could be of great help in reestablishment of law and order in Chechnya.

The envoy could coordinate now fractured power ministries of Chechnya.

The press conference was told that 52 Russian servicemen have been arrested in Chechnya on grave charges, including murder and robbery.

Talks Extended by 2 Days

LD3006170495 Moscow Radio Rossii Network in Russian 1600 GMT 30 Jun 95

[FBIS Translated Text] It has been decided to extend by two days the second round of talks between the official Russian governmental delegation and supporters of Dzhokhar Dudayev that were to have concluded on Friday.

In an exclusive interview for our correspondent in Groznyy, Arkadiy Volskiy, deputy leader of the Russian delegation, said that this is connected with successful progress in the dialogue. In his words, toward the end of the day the sides had succeeded in reaching agreement on some important political questions.

A member of the Chechen delegation also confirmed that participants in the talks had found ways toward a

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compromise on such complex issues as the status of the Chechen Republic and its institutions of authority. It is this bloc of questions that will be discussed on Saturday.

Dudayev's Future Not Broached

LD0107095295 Moscow 2x2 Television in Russian 0900 GMT 1 July 95

[FBIS Translated Text] The drawing up of final document on political issues is continuing at the talks in Groznyy. INTERFAX has learned, moreover, that the issue of Dudayev's possible involvement in the political life of Chechnya was not discussed.

The Chechen side did not agree to the zero variant previously proposed by the federal side. It envisages the resignation of Umar Avturkhanov, head of the government of National Rebirth of Chechnya, Salambek Khadzhiyev, chairman of the committee of national accord, as well as Dzhokhar Dudayev.

It is thought that the second round of talks will be held on Monday [3 July].

POW Exchange Begins

LD0107100495 Moscow ITAR-TASS World Service in Russian 0940 GMT 1 Jul 95

[By Sharip Asuyev, Nikolay Zagnoyko, and Sergey Trofimov]

[FBIS Translated Text] Groznyy, 1 July (ITAR-TASS) — Dudayev's command today commenced implementation of the accords with the command of the federal forces in Chechnya concerning exchanges of prisoners. Aslan Maskhadov, chief of staff of Dudayev's armed formations, left the OSCE building in Groznyy during an interval at the talks on a peaceful settlement and left the Chechen capital, accompanied by bodyguards.

Military sources have confirmed to ITAR-TASS that Maskhadov left for the sites where militants are deployed in the south-east foothills on the territory of Chechnya, where more than 70 prisoners are kept. In keeping with accords, he will form the first group of three servicemen of the federal forces: a captain, senior lieutenant, and a lieutenant who were taken prisoner. They will be exchanged for three militants.

Talks End With Joint Statement

LD0107160495 Moscow Radiostantsiya Ekho Moskvy in Russian 1500 GMT 1 Jul 95

[FBIS Translated Text] At the outcome of today's talks in Groznyy, the sides signed a joint statement on the non-use of force and tackling all issues by peaceful means, our special correspondent has just reported from Groznyy.

According to Usman Imayev, general prosecutor of Chechnya, the sides have agreed to discontinue any pursuit of people taking part in hostilities. Special reconciliation commissions are expected to be set up to reconcile participants in the blood feud. As is expected, tomorrow several units of heavy armored equipment belonging to Chechen armed formations will be delivered to Groznyy. These armored personnel carriers and infantry vehicles will be destroyed as an act of good will, Usman Imayev said. Tomorrow, the talks will continue in Groznyy.

ITAR-TASS Details Outcome of Talks

LD0107172395 Moscow ITAR-TASS World Service in Russian 1628 GMT 1 Jul 95

[By ITAR-TASS correspondents Sharip Asuyev, Nikolay Zagnoyko, and Sergey Trofimov]

[FBIS Translated Text] Groznyy, 1 Jul — The participants in the talks on a Chechen settlement today adopted a statement in which they expressed their satisfaction with the successful settlement of Russia's parliamentary-governmental crisis. The document says that this will help to stabilize the sociopolitical situation in Russia and have a favorable effect on the Groznyy talks.

A communique on the results of the day says that the delegations today continued to discuss political issues, including the issue of holding of free democratic elections. Proposals made by the Russian delegation and some of the proposals made by the Chechen side were adopted as a basis. In the course of the discussion, the sides agreed to use no force, settle all problems by political means, and denounce revenge-seeking and interethnic hostility.

Agreement was reached on corresponding guarantees by the state bodies of the Russian Federation and the Chechen Republic on stopping the pursuit of those who participated in the armed conflict and on carrying out the appropriate state policy. The sides have admitted the need for official state bodies to monitor and prevent public speeches and activities that can inflict damage on interethnic relations.

The delegations have agreed on state support for nongovernmental and religious organizations that carry out a policy of renouncing revenge. They have also agreed to carry out a concerted policy aimed at creating conditions for returning those who were forced to leave Chechnya.

It was decided to hold the elections with participation of observers. These will be representatives of nongovernmental organizations, political parties and movements,

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state bodies of the Russian Federation, the Chechen republic, foreign states, the OSCE [Organization for Security and Cooperation in Europe], and other international organizations expressing their wish to take part in preparing for and holding of the elections.

Talks Resume; Chernomyrdin Not To Attend

LD0207094695 Moscow Radiostantsiya Ekho Moskvy in Russian 0800 GMT 2 Jul 95

[FBIS Translated Text] Peace talks resumed in Groznyy today. Our special correspondent reports that the so-called zero option is being discussed. It will be extremely difficult to implement the so-called zero option, according to State Duma Deputy Anatoliy Shabat, who has visited the conflict zone more than once recently.

[Begin Shabat recording] The point is that Salambek Khadzhiyev has no influence whatsoever. On the other hand, Dzhokhar Dudayev perhaps can go. He perhaps can sacrifice his political career on condition he is granted some honorary status. The only realistic figure who can control the situation there at present is Aslan Maskhadov, chief of Dudayev's general staff and the person who organized all military actions and defense. It seems he can guarantee safety in Nadterechnyy region. Perhaps he should be given such powers on condition that Russian troops are withdrawn and free elections are held. At first, there perhaps will be some local administration not elected but appointed by Maskhadov. [end recording]

Russian Prime Minister Viktor Chernomyrdin does not intend to take part in the talks that are currently under way in Groznyy. He implied in an interview with our correspondent that his decision did not depend on the venue of the talks, whether they were held in Moscow or continued in Groznyy.

Let me remind you that previously Arkadiy Volskiy, deputy head of the Russian delegation, said the prime minister was ready to take part in the dialogue if the talks were held in the Russian capital.

Replying to a question from our correspondent, Viktor Chernomyrdin said today that the crisis in Chechnya is approaching its solution and progress at the talks is satisfactory.

Chechens 'Using' Talks To Move Troops

LD0207141595 Moscow INTERFAX in English 1313 GMT 2 Jul 95

[FBIS Transcribed Text] GROZNYY, July 2 (INTERFAX) — Commander of the Russian Defense Ministry's Group of Troops in Chechnya Vladimir Bulgakov said the Chechen delegation was "clutching at a straw" and using the talks and calmness in Groznyy for moving its troops in the mountainous regions.

He told INTERFAX today that the Chechen delegation's statements and appeals, most of them never carried out, must be considered "taking into account the situation and drawing right conclusions."

Bulgakov said that allegations by Chechen sources about Chechen militants having penetrated into Russia in order to launch terrorist acts was "bluff."

He said this was done in order to exercise pressure on the Russian delegation at the talks "and in order to keep it in permanent psychological tension."

Chernomyrdin To Join Talks

LD0207142195 Moscow ITAR-TASS in English 1321 GMT 2 Jul 95

[By Aleksandr Nechaev]

[FBIS Transcribed Text] MOSCOW, July 2 (ITAR-TASS) — Russian Prime Minister Viktor Chernomyrdin said he will join in the peace talks in Chechnya when the delegations begin working out final decisions.

Speaking at a news conference in Moscow on Sunday, Chernomyrdin pointed out that "these talks presuppose my participation at some point and I have agreed to take part in them."

However, the premier did not specify where the talks will be held, adding only that "it does not matter where these talks will take place" in Grozny. or in Moscow.

Talks Adjourned Until 3 Jul

LD0207140795 Moscow ITAR-TASS in English 1350 GMT 2 Jul 95

[By Sergey Trofimov]

[FBIS Transcribed Text] GROZNYY, July 2 (ITAR-TASS) — The Russian and Chechen delegations to the peace talks in Groznyy have adjourned until Monday [3 July], making no comment on the results of today's session.

However, it was reported earlier that the sides would focus on the so-called "zero opinion" which calls for the resignation of Chechen National Concord Committee Chairman Umar Avturkhanov, Prime Minister of the National Revival Government Salambek Khadzhiyev and Chechen separatist leader Dzhokhar Dudayev.

Trustworthy sources told ITAR-TASS that complications at the talks were caused by a demand made by representatives of Avturkhanov and Khadzhiyev that Dudayev file his resignation in writing. So far he has not

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provided any document confirming his intention to step down.

The delegations also adopted a joint communique on the results of their July 1 talks.

It particularly said that the parties continued to discuss political issues, particularly democratic elections. The Russian delegation's proposals and some of the suggestions made by the Chechen side provided the basis for the discussion.

The sides agreed not to use force and pledged to resolve all problems by political means, and condemned revenge and ethnic hatred.

The delegations agreed guarantees for the people who took part in the armed conflict that they will not be persecuted and stressed the need to prevent any public announcements which can damage inter-ethnic relations.

The two sides pledged state support for public and religious organisations which condemn revenge and agreed to conduct a concerted policy to facilitate the return of people who have fled Chechnya.

It was also agreed that elections will be monitored by observers to be sent by public organisations, political parties and movements, as well as bodies of power from Russia, Chechnya, foreign countries, the Organisation for Security and Cooperation in Europe and other international organisations which have expressed their willingness to assist in the preparation and conduct of elections.

The talks will resume at 10:00 [0600 GMT] on Monday. Meanwhile, military experts and accredited journalists were due to go to the town of Shali on Sunday afternoon to witness the scrapping by the Chechen side of some of its heavy weaponry.

Talks at 'Decisive Stage'

LD0307084995 Moscow ITAR-TASS in English 0803 GMT 3 Jul 95

[By Sharip Asuyev, Nikolay Zagnoyko, and Sergey Trofimov]

[FBIS Transcribed Text] GROZNYY, July 3 (ITAR-TASS) - Leader of the Russian government delegation to the Groznyy peace talks Vyacheslav Mikhaylov told ITAR-TASS today about the stands of the two sides. He said that the talks with Dudayev's delegation had reached the "decisive stage".

"We have formulated our proposals in the following way: the supreme state governing bodies of Russia confirm the sovereignty of the Chechen Republic as a member of the Russian Federation. The eventual status of Chechnya will be determined after the elections, after the formation of state governing bodies in the republic, on the basis of a treaty between the two states, and also on the basis of the Constitution of the Russian Federation and the newly-adopted Constitution of Chechnya. In spite of this, Dudayev's representatives are demanding the recognition of the independence of the Chechen Republic right now," Mikhaylov stated.

He confirmed that representatives from the now existing governing bodies of the Chechen Republic had demanded from Dudayev during the Sunday meeting a written consent to resign, envisaged by the so-called "zero version". In this case Chairman of the Chechen National Concord Committee Umar Avturkhanov and Prime Minister of the Chechen National Revival Government Salambek Khadzhiyev would have to resign together with Dudayev.

It was learned that Dudayev's side had not replied to Avturkhanov's and Khadzhiyev's statement by the beginning of today's talks.

No Response From Dudayev

LD0307084695 Moscow ITAR-TASS in English 0811 GMT 3 Jul 95

[By Sharip Asuyev, Nikolay Zagnoyo, and Sergey Trofimov]

[FBIS Transcribed Text] GROZNYY July 3 (ITAR-TASS) — The status of Chechnya is discussed today in Groznyy. The Russian side proposes that it be defined after the elections are held and government bodies formed, while Chechnya insists on the recognition of its independence.

The new meeting between the Russian governmental delegation and the Dudayev side began in Groznyy on Monday at 10:40 Moscow time, with a delay of 40 minutes. The meeting began just as soon as the Dudayev delegation together with deputy head of the Russian delegation Arkadiy Volskiy arrived on the premises of the OSCE [Organization for Security and Cooperation in Europe] mission. According to an informed source, Volskiy last night made a trip to the highland zone of Chechnya to meet Dzhokhar Dudayev.

Volskiy refused comment when asked by ITAR-TASS to speak about the trip. According to unconfirmed information, he was going to suggest to Dudayev that the latter either agree to the "zero option" or leave the limits of the CIS. It is believed that the "zero option" which envisages simultaneous resignation of Dudayev, of Chairman of the Chechen Republic's National Accord Committee Umar Avturkhanov and Prime Minister of the Chechen National Revival Government Salambek

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Khadzhiyev will give Dudayev an opportunity to participate in the political life of Chechnya.

Chief of the Dudayev side at the talks Usman Imayev told ITAR-TASS before the talks opening that the definition of the status of Chechnya is the main item on the agenda on Monday.

In his turn, head of the Russian delegation Vyacheslav Mikhaylov told ITAR-TASS that the negotiations have reached the decisive point, and said that at the meeting on Sunday Dudayev's representatives insisted that Chechnya's independence be recognised.

Regarding the Russian stand, Mikhaylov said: "We proposed that Russia's supreme bodies of state authority confirm sovereignty of the Chechen Republic within the Russian Federation. The subsequent status of Chechnya is to be defined after the elections are held and bodies of power in the republic are formed. It will be defined on the basis of concluding an agreement between the two states, as well as on the basis of the Russian constitution and the newly adopted Chechen constitution".

Mikhaylov confirmed that at Sunday meeting representatives of the present bodies of power in the Chechen Republic demanded Dudayev's written consent to resign envisaged under the "zero option". As far as is known, no answer came from Dudayev's party to this demand.

Chechen Premier Chastises Press

954F2643B Nalchik SEVERNYY KAVKAZ in Russian 24 Jun 95 p 1

[A. Timurova report on news conference given by Salambek Khadzhiyev, head of the government of National Renewal of the Chechen Republic, in Groznyy; date not given: "S. Khadzhiyev: 'Newspapers Should Not Be Kept Women'"]

[FBIS Translated Text] The news conference given by the head of the government of National Renewal of the Chechen Republic, Salambek Khadzhiyev, was of an edifying nature. "In your publications you limit yourselves to stating the facts," said S. Khadzhiyev. "Do you really think that the members of the government are so stupid and inattentive that they do not see the shortcomings, of which, unfortunately, there are very many? It is necessary to organize people." Listening to Khadzhiyev, we automatically recalled the words of the leader of the proletariat to the effect that a newspaper is not only a collective educator but also an organizer.

The head of the government of the Chechen Republic insistently advised journalists to become involved in today's situation. "Many of you have lost your housing. Now you wonder when you will be paid compensation for your lost property and how much. But how come none of you has filed charges against the people who violated your home and deprived you of your hard-earned property? Learn to defend yourselves with civilized methods. Begin the process and write about how you are received and where you encounter snags. Do you need a lawyer? Then hire one collectively. The government of the Chechen Republic does not agree with the compensation they are offering you. We will go to Moscow with our remarks and suggestions and we will get a fair resolution. But journalists must not remain on the sidelines either."

Salambek Naibovich called for journalists to rely mainly on themselves. This was said in response to a request from the editors of several newspapers to make their publications state publications and "place them on the state budget." S. Khadzhiyev's reply—"there will be state support for the press, but the government does not need its own press organ"—depressed those in attendance. Khadzhiyev thinks that newspapers should be independent and should not be supported by anyone. "Being a kept woman is not as nice as it seems at first glance," said Salambek Naibovich. "Do you know what they do with kept women?" To which the minister of the press of the Chechen Republic responded with a sigh: "I know." But at the same time he observed that it is possible to be kept for two years, earn money, and then become independent again. "And where have you seen a kept women who saved money and then became an honest woman after a year or two?" Khadzhiyev parried.

Having touched on the tragedy that occurred in Budennovsk, S. Khadzhiyev said that a week before this happened, Stavropol Kray was visited by a delegation from the Chechen Republic headed by Deputy Premier Kerim Saltakhanov. The main result of the visit was the achievement of basic agreement on the conclusion of a Treaty on Friendship and Cooperation in the Political, Social, and Other Spheres." The tragedy in Budennovsk hampered the final signing of the document. The government of the Chechen Republic made an announcement in which it condemned the actions of the commandos headed by Basayev. But S. Khadzhiyev is certain that this operation was planned by more than just Dudayev's supporters. "We know," the head of the government stated, "that two days before this all the Stavropol militia were disarmed. It was also reported to us that at that time people had come to the Chechens who live in Stavropol Kray and suggested that they leave."

Khadzhiyev thinks that the struggle for power that is going on in the higher echelons of power in Moscow is reverberating in Chechnya. "We deeply regret what happened in Budennovsk but still we will not allow all Chechens to be defamed. Anyone whose statements

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contain nationalistic attacks against the Chechen people will be sued for slander," Salambek Naibovich stated.

Update on Battlefield Situation in Chechnya

'Most' Chechen Units Observe Moratorium

LD3006112295 Moscow ITAR-TASS in English 1107 GMT 30 Jun 95

[By Sergey Ostanin and Anatoliy Yurkin]

[FBIS Transcribed Text] MOSCOW, June 30 (ITAR-TASS) — Most field commanders and illegal armed units are observing the moratorium on hostilities in Chechnya, ITAR-TASS was told today at the Press Centre of the Joint Group of Federal Troops in the Chechen Republic. Officials of the Press Centre said that they were establishing contacts with the command of the federal troops, eager to clarifying some problems linked with the peaceful settlement of the conflict and disengagement.

However, there were still some cases when the moratorium was violated. During the past 24 hours, the officials stated, fire was opened 24 times on positions of the federal troops. Three servicemen were wounded and one killed. Gunmen opened fire 14 times on posts and positions of the Joint Group of Federal Troops in Groznyy last night. Retaliatory fire had to be opened in seven cases.

Servicemen of the Joint Group of Federal Forces, ITAR-TASS was told at the Press Centre, are actively clearing of mines local roads, fields and pastures, are restoring economic facilities.

The federal forces were able to prevent several subversive acts. Groups of militants were arrested last night in different parts of Chechnya. They were caught transporting explosives and committing other crimes. Nevertheless, terrorists were able to blow up the buildings of the village council and of the savings bank in Katar-Yurt.

According to the Information and Press Department of the Russian Defence Ministry, a tense situation exists around the populated localities of Kurnaloi and Avtury (30-40 kilometres to the southeast of Groznyy), where field commanders are demonstratively regrouping their forces. Officials of the department claim that Dudayev's representatives, taking part in the Grozny negotiations, are still unable to exercise full control over the illegal armed formations.

Weapons are being voluntarily surrendered in the republic. The population has so far handed over to law enforcement bodies more than one thousand pieces of different weaponry. There was a case when a villager had voluntarily surrendered a rapid-firing cannon.

Ten Soldiers Killed During Cease-Fire

LD3006134995 Moscow INTERFAX in English 1250 GMT 30 Jun 95

[FBIS Transcribed Text] MOSCOW, June 30 (INTERFAX) — A total of 10 servicemen of the Russian Defense Ministry were killed and 58 injured during the cessation of hostilities in Chechnya declared on June 21, a Defense Ministry spokesman told INTERFAX.

According to the spokesman, the situation is mostly complicated near the villages of Kurchaloy and Aftury of the Shatoy District, where field commanders "openly using the moratorium, are regrouping and accumulating their forces and means." The military note numerous violations by Dudayev supporters of the conditions of the understanding on suspending hostilities.

Cease-Fire Not Holding in Southwest

LD3006155695 Moscow INTERFAX in English 1502 GMT 30 Jun 95

[FBIS Transcribed Text] BAMUT (Chechnya), June 30 (INTERFAX) — The moratorium on fighting around the Bamut and Orekhovo villages in south western Chechnya is not holding.

As an INTERFAX correspondent reports, federal troops have from time to time been shelling the positions of Chechen militants from heavy guns and rocket installations. However, the intensity of fire has been very low, the correspondent notes.

Meanwhile, federal command representatives have stressed that although they have been scrupulously observing the ceasefire since June 21, they have been forced to fire back quite often, indeed. According to a spokesman for the Combined Group of Federal Forces, "many Chechen field commanders have been ignoring the moratorium."

Chechen militiamen, for their part, claim that Russian helicopters have struck on Bamut and Orekhovo several times over the last few days. Mi-24 helicopter gun-ships have flown to the villages repeatedly on June 30.

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Kabardino-Balkaria, N. Ossetia Sign Friendship Accord

954F2643D Nalchik GAZETA YUGA in Russian 23 Jun 95 p 1

["Own Information" report: "Communications. Kabardino-Balkaria Has Signed an Agreement on Friendship and Cooperation With North Ossetia"]

[FBIS Translated Text] On 17 June in Nalchik the president of the Kabardino-Balkaria Republic, Valeriy Kokov, and the president of the Republic of South Ossetia, Akhsarbek Galazov, signed an agreement on friendship and cooperation.

The agreement, which was concluded for a period of five years, envisions the development and deepening of bilateral ties in various spheres—from the economy to environmental protection.

But the activity in signing agreements among the republics and oblasts of Russia has perturbed Moscow. On 16 June at a meeting of the Consultative Council of components of the Federation on International and Foreign Economic Ties under the Ministry of Foreign Affairs of the Russian Federation, the first deputy of the directorate of the legal department of the Ministry of Foreign Affairs, Mr. Ostrovskiy, expressed bewilderment about the fact that "the components have been overcome by a 'contract fever,' concluding agreements and contracts among themselves and even with other states even though the juridical and legal significance of these documents is sometimes zero." As an example, Mr. Ostrovskiy mentioned Kabardino-Balkaria, which during 1992-1995 concluded nine agreements for friendship and cooperation with other components of the Russian Federation, asking the question: What does an agreement for friendship between constituent parts of a unified state mean?

As the newspaper SEGODNYA reports, at the same time the diplomats cautiously stipulated that the Ministry of Foreign Affairs has no desire to restrict the initiative of components of the Federation but only to suggest how to regulate it. That same Mr. Ostrovskiy referred to European practice: Austrian Laender conclude agreements with adjacent regions of neighboring countries for protection of the ecology, maintaining forest and park zones in the proper order, and destroying wastes.

Fuel Crisis Reported in Karachay-Cherkessia

954F2643A Nalchik SEVERNYY KAVKAZ in Russian 24 Jun 95 p 3

[Article by T. Mamkhyagova: "Karachay-Cherkessia on the Brink of an Oil Crisis"]

[FBIS Translated Text] The main supplier of fuel to the republic—the Karachayevo-Cherkessknefteprodukt public joint-stock company—has no money with which to buy fuel, and the oil refineries are flatly refusing to deliver gasoline on credit. As a result, the republic has ended up on the brink of an oil crisis—today its need for fuel is being satisfied by only one-third. Only vehicles intended for operational needs and public transportation are being fueled with A-76 gasoline at a price of 1,500 rubles per liter.

Dakhir Teunayev, deputy general director of the Karachayevo- Cherkessknefteprodukt public joint-stock company, explained the situation: The fiscal crisis arose because of the high bank interest rates, and the crisis was exacerbated by the death of general director S. Dzhankezov, who had extensive connections with the gasoline suppliers. Enterprise officials flew to Moscow in search of preferred credit. The republic government is also trying to resolve the problem.

Fortunately, work in the fields has not been halted. The farms promptly concluded an agreement with the republic food corporation, which made a commitment to deliver gasoline to the kolkhozes and sovkhozes against the future crops. But even here the demand for fuel is being satisfied by only one-third. Alternative structures, including private firms that specialize in the resale of fuel, have not managed to provide fuel for the republic.

Chairman of Stavropol Kray Duma Interviewed

954F2643C Nalchik SEVERNYY KAVKAZ in Russian 24 Jun 95 p 5

[Interview with Valeriy Zerenkov, chairman of the Stavropol Kray Duma, by Yu. Khristinin; place and date not given: "Valeriy Zerenkov: 'The Master Is Not Coming. And He Never Will Come!'"]

[FBIS Translated Text] Valeriy Zerenkov has traveled the path from automotive electrician to director of automotive convoy 1564 and deputy manager of the Stavropolgrazhdanstroy Trust. In 1989 he was elected chairman of the Oktyabrskiy Rayon Executive Committee, and on 5 April 1994—chairman of the Duma of Stavropol Kray. His credo: Strong regions—strong Russia. According to figures from the analytical center of the public movement Solidarity, V. Zerenkov's rating among the kray's leaders is nine points, behind only Stavropol Governor Yevgeniy Kuznetsov.

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[Khristinin] The considerable amount of time the Stavropol Kray Duma has been in existence undoubtedly makes it possible to judge the concrete results of its activity. Which do you regard to be the major ones?

[Zerenkov] The deputies have adopted 25 laws and more than 200 decrees regarding various of the kray's problems. In the opinion of experts of the Federal Assembly of Russia, in terms of the number of legislative acts adopted, the Stavropol Duma is one of the most effectively functioning in the country.

Among the most important documents is the Stavropol Kray Charter, which the Duma adopted on 29 September 1994. This is our kray constitution, as it were. The charter came into being with difficulty. The work commission had to develop thousands of remarks, proposals, and amendments, several of which were mutually contradictory, but behind each of them stood people—movements and parties.

[Khristinin] Which articles caused disagreements?

[Zerenkov] The Russian Constitution envisions the possibility of abolishing passes and giving citizens of the republic the opportunity to move freely throughout the country and choose their place of residence. But at that time nobody anticipated that an uncontrolled mass migration would begin. Tens of thousands of refugees and resettlers came to Stavropol. Where would they find work? How could we provide housing for all who came? And food?

Social tension is on the rise in the kray. There have been skirmishes over ethnic issues. And then an article was introduced into the charter to the effect that "residents of Stavropol Kray have an advantage over other individuals who are on the territory of Stavropol Kray in exercising certain rights having to do with material, financial, natural, and other resources of Stavropol Kray."

Subsequently, in developing the charter the Kray Duma adopted the Temporary Provisions on Arriving and Establishing Permanent Residence in Stavropol Kray, with which we decided to regulate the uncontrolled process of migration. Yes, this document is restrictive in nature. But it does not contradict the Basic Law of the Russian Federation.

Another example. In compliance with the charter it is proposed to create a government of Stavropol Kray. Opponents were up in arms: "To satisfy the ambitions of the executive power the deputies are instituting minister portfolios...." Not at all; the transformation of the kray administration into the kray government will raise the status of the administrative structure in the eyes of the population.

[Khristinin] Will society stand to lose if suddenly for some reason there is no Duma at all?

[Zerenkov] If we intend to create a democratic rule-of-law state, we cannot get by without a representative power.

Will society stand to lose? It will lose. Just as it is already losing today by depriving itself of organs of self-government in the settlements and Cossack villages, towns and cities.

[Khristinin] It seems that you have no differences of opinion with the kray administration. Is that not a sign of "submissiveness" of the Duma?

[Zerenkov] The Duma is fully independent of the kray administration. Why should it be submissive? Submissiveness is manifested when there are higher and lower. We—the GDSK [State Duma of the Northern Caucasus] and the ASK [Administration of the Northern Caucasus]—are two equal branches of power. And the main thing is that the one has no ambition to rise above the other. We did not run for deputy in order to rule the roost in Stavropol but, in conjunction with the administration, to solve the vitally important problems facing our residents.

As for differences of opinion, we have a very large number of them. But we try to resolve them by civilized methods and not have showdowns and squabbles. Although, of course, passions sometimes heat up to the point where you think that the debates are about to get out of hand.

Unfortunately, people link the solutions to purely local problems, as before, to the leaders, waiting for the "master" to come and repair our rain gutters, sidewalks, and roofs, to clear the trash out of the yard.... No, the "master" is not coming. We must take care of our own life, organize ourselves into committees and councils, maintain our streets, squares, courtyards, etc.

But they need help. That is why the Duma is now forcing a discussion and completing the work on a law on local self-government so that it will be adopted by the end of the year and the residents of the cities and villages will be able to use it to solve their purely local problems.

[Khristinin] They say that the waiting line to the reception room of the kray leaders practically does not move....

[Zerenkov] Show me a person who would say such a thing. I always receive people at any time. Both in the Duma and in the district. But we cannot always help with everything. Deputies are not magicians. But we do everything within our power.

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[Khristinin] If direct elections are scheduled for administration chiefs at all levels, do you not intend to lay claim to the role of chief of the kray administration?

[Zerenkov] My plans are closely linked to the Duma's plans—to create a kray system of laws. So far we are at the very beginning. As for the election of the chief of the kray administration, I support that idea. And I will do everything possible to make sure that in the forthcoming elections the people of Stavropol cast their votes for the current governor, Yevgeniy Kuznetsov.

[Khristinin] The region of the Caucasian Mineral Waters is becoming a free economic zone. Will this not lead to its isolation and then to its secession from Stavropol Kray, which is what many people are talking about today?

[Zerenkov] In the first place, I have never heard from anyone living and working in Caucasian Mineral Waters that they intend to secede and leave the kray. But there are those who like to philosophize about this subject. As for the isolation of Caucasian Mineral Waters and other administrative territorial units.... If this concept includes increased independence of the territories.

[Khristinin] ROSSIYSKAYA GAZETA published an analysis from which one can see that each kray Duma member there are more than two apparatchiks, while in the Dumas and legislative assemblies of other components of the Federation there are one, one and a half, or sometimes even a half an apparatchik.

[Zerenkov] Yes, we do indeed have more apparatchiks per one Duma member. But we have the smallest number of deputies—25. Others have 45-40.

[Khristinin] Do you see elements of bureaucratism in the apparatus?

[Zerenkov] Having all the documents in order—is that bureaucratism? Having the Duma sessions proceed according to regulations—is that bureaucratism? To have the addresses and applications to the Duma to be in a certain order—is that bureaucratism? If the answer is "yes," as some would say it is, then I am in favor of that kind of bureaucratism. I am against anarchy in business. As for deliberate negative aspects in the work of the Duma, so far I do not see any. We have been working for a little more than a year. And there are imperfections.... We do not have enough experience, or working time, or working hands or bright minds.... Which is true, incidentally, in any organization. Especially a new one.

Novosibirsk Oblast Tax Collection Assessed

954F2651A Novosibirsk SOVETSKAYA SIBIR in Russian 27 Jun 95 p 2

[Article by Nikolay Ukhin under the "Taxes" rubric: "Revenue Could Be Greater"]

[FBIS Translated Text] Last year, revenue from local taxes and fees in the oblast amounted to 74.5 billion rubles [R]. This is not all that much, but it is a more than 16-fold increase compared to 1993. Even taking inflation into account, there is growth. And another important fact: While in 1993 the proportion of local taxes and fees comprised only 1.5 percent of the revenue part of territories' budgets, last year it comprised 5.3 percent. As we can see, there is perceptible growth. This is the result of extensive work by both organs of local authority and control organs. For instance, last year a housing maintenance tax was introduced on the territory of the oblast's 17 districts. Today it is the leader among local taxes, which provides three-quarters of revenue from them.

The share of revenue from local taxes and fees particularly increased in the budgets of Karasukskiy, Vengerovskiy, Ust-Tarkskiy, Bolotninskiy, Kochkovskiy, Chanovskiy, and Novosibirskiy districts and the city of Ob. There the share of these taxes and fees in the budget already comprises between 8 and 11.5 percent. The organs of authority and tax inspectorates work closely together.

Unfortunately, this increase did not occur everywhere. Let us look at the picture of the first quarter of this year. Total revenue amounted to R24.9 billion. This is 5.5 times more than over the corresponding period of last year. Could there be more? Of course. Provided all enterprises, organizations, and citizens are conscientious taxpayers. Over January-March tax inspectorates audited 7,138 taxpayers. Various violations with respect to payment of local taxes were found at 1,792 of them. In the course of the audits, additional taxes and fees in excess of R455 million were assessed on them. Just the fines applied to those who did not take advantage of the tax amnesty and did not voluntarily declare their debts amounted to more than R26 million. Penalties on late payment of taxes amounted to hundreds of million of rubles. All in all, financial sanctions included, additional revenue of R2.4 billion was generated for local budgets—an increase of a factor of 13 as compared to the corresponding period of last year. Tax inspectorates had to levy administrative penalties against 173 officials, who will pay out R8.5 million of their own pockets. The results of four audits were forwarded to the courts. The lion's share of revenue— R18.7 billion

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over three months—came from the housing stock maintenance tax. More than R3.3 billion came into the territory budgets from fees for the right to trade, including trading in goods subject to excise tax, and more than R1 billion—from license fees for the right to sell alcoholic beverages. Hundreds of millions of rubles were collected for local budgets in fees for clean-up of population centers' territories, targeted fees for the maintenance of police and fire protection services, territories' improvement, for the needs of educational institutions and other purposes, as well as the tax on advertising.

Some decisions of organs of local authority proved nonviable: the license fee for conducting local auctions and lotteries, the fee for opening a gaming business, and motor vehicle parking fees. They have not brought a single ruble into the budget. Fees imposed on dog owners produced only R900,000 over three months. Frankly, not much. Tax inspectorates are suggesting that local authorities abolish low- effectiveness taxes and fees. The latter are responding, but not everywhere. In Kuybyshevskiy district the fee for holding local auctions and lotteries was repealed; in Zdvinskiy district—the fee for opening a gaming business; in Dzerzhinskiy district—the license fee on resale of cars, computer equipment, and personal computers, and the fee on dog owners. I think this was a sensible step: It is irrational to expend time and manpower on something that produces almost zero results.

It is probably better to concentrate on those taxes and fees that bring tangible financial results. For some reason, in four of the oblast's districts the tax on maintenance of housing stock still has not been introduced, although it could substantially replenish their budgets. In 29 districts there is still no tax on the clean-up of population centers' territory, and in five there is no targeted tax for the maintenance of police and fire protection services, territories' improvement, for the needs of educational institutions and other purposes. Considerable opportunities to strengthen local budgets are being missed. What social problems, for instance, can be solved in Zdvinskiy, Krasnozerskiy, Kyshtovskiy, and Severnyy districts and the city of Kuybyshev, considering that revenue from local taxes and fees comprises only between 0.5 and 1.8 percent of the territory's budget—several times less than in the oblast as a whole.

It should be noted that city and district administrations do not always strive to strengthen local budgets and sometimes make decisions that run counter to tax legislation. For instance, in four rayons of Novosibirsk—Kalininskiy, Zheleznodorozhnyy, Zayeltsovskiy, and Oktyzbrskiy—R5.6 billion in license fees for the rights to trade in goods subject to excise tax were entered into administrations' nonbudget funds in violation of the tax law. These fees were supposed to go into the local budget. In a number of districts, tax inspectorates need to increase the number of audits, which, of course, will bring additional money into the budget. It cannot be considered satisfactory that in Kochenevskiy, Zdvinskiy, and some other districts very few taxpayers undergo auditing.

In most districts and cities the tax inspectorates work closely with other control organs—the tax police, MVD [Ministry of Internal Affairs] administrations, and the trade inspectorate. They put together joint schedules of raids, organize blanket inspections, and set up duty posts in places of mass trading. All additional organizational expenses pay off generously. For instance, the Pervomayskiy Rayon branch of the State Tax Inspectorate, jointly with the tax police and the KRU [Control and Audit Administration], audited a military unit, found many violations of tax legislation with respect to local taxes, and assessed an additional R44 million for the budget. A joint audit by the city of Iskitim tax inspectorate and the tax police of the financial and economic activities of the sole-proprietor enterprise Vityaz brought an additional almost R7 million into the local budget. One could only wish such audits were more frequent.

And look at the great reserves for shoring up local taxes and fees that still exist in places of mass retail trade! Practice shows that a single raid by the tax inspectorate in the city or district brings several million rubles into the budget. Each raid also provides a learning experience for taxpayers—many of them subsequently legalize their activities, pay a fee for the right to trade, thus also adding to budget revenue.

It is obvious that local budget revenue could be greater. But to achieve this goal, efforts should be applied by all—local authorities, tax inspectorates, and other control organs.

Regions Seen Unmoved by Moscow Infighting

MM0307103295 Moscow ROSSIYSKIYE VESTI in Russian 30 Jun 95 p 2

[Feature comprising letter from a Nizhniy Novgorod worker and reports by Vladimir Yefimov, Andrey Illarionov, Valeriy Vedernikov, Vasiliy Shpachkov, Nikolay Belyy, and Aleksey Pavlov under the general heading: "Opposition Attempt To Score Points in Provinces Fails"]

[FBIS Translated Text] In October 1993 I and a group of young men from Nizhniy Novgorod went to Moscow to personally take part in the protection of the White House. For us at that time the Supreme Soviet was a

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symbol of people's power and justice. At that time, our enterprise, like most Nizhniy Novgorod plants, was experiencing grave economic difficulties — we were not being paid and there was a real threat of unemployment. And the then deputies and their leaders were promising us cheap sausage and vodka. So we rushed to defend them.

Fortunately, we were unable to reach the White House....

Now our "GAZ" Joint-Stock Company has confidently overcome the crisis. Production of a range of different cars has been organized. We have stable work and good pay. So I can buy everything that my family needs at today's prices. Our prosperity is in our own hands.

But the attitude of myself and my assembly shop workmates to what many people are calling the 'crisis of power' is as follows — no way is this a crisis. To my mind, power is in strong hands in Russia today. It is just that before the new Duma elections certain deputies clearly want to cause trouble for our president and premier, or to walk out and slam the door behind them, so to speak. But we cannot be bought on the cheap any more, and we will no longer risk our lives for demagogues.

[Signed] Mikhail Sorokin, car assembly worker at the "GAZ" Joint-Stock Company, Nizhniy Novgorod

This letter from Nizhniy Novgorod worker Mikhail Sorokin made us wonder — how is the parliament-government crisis viewed in Russia's heartland and in its outlying districts? Do Russians feel a sense of danger over the chaos in the power elite? Our own correspondents in the regions attempted to answer these questions with their own observations or with comments from Russians.

Tyumen

Can the exacerbation of relations between the State Duma and the government that is currently in evidence be said to worry anyone in the Tyumen more than was the case two years ago? At that time there was a real crisis, but it did not disrupt Tyumen people's work. Local problems are of greater concern to them. Even if we assume that the State Duma manages to provoke its own dissolution, I suspect that broad swathes of working people will simply not notice.

As for the reaction from those who are supposed to notice these things, it has been pretty predictable. The executive authorities will have plenty of current affairs and little time for breast-beating.

Novosibirsk

The previous day I had to travel round town by streetcar and subway, visit a large state institution and stores, and even take part in a family celebration. Around eight hours were spent on these "measures" in total. And not once during all that time did I hear a single word about the State Duma's vote of no-confidence in the government, or about the Duma's forthcoming return to this issue.

When I asked if the current political situation was comparable to the events of October 1993, I was told that it is now far more stable and reliable, although it still leaves a great deal to be desired.

Orenburg

The government-parliament crisis has not had much of an impact on the hearts and minds of ordinary Orenburg people. Whereas in the memorable days of October 1993 local newspapers were full of various reactions and predictions, and even published the official directive from Oblast Governor Vladimir Yelagin banning mass public actions and rallies, this year amid the articles on agriculture, summer vacations, and ordinary citizens' everyday problems (banner headlines proclaiming "Five Days Without Hot Water") it is hard to find a 20-line report in the newspaper YUZHNYY URAL under the headline "Who Will Be Sacrificed?" The report suggests that "most probably the sides' interests will coalesce around the power ministers."

Bryansk

Comparisons can be telling. In October 1993 the situation in the Bryansk area was alarming. The former leadership of the oblast administration and former city and oblast soviets were calling on the population not to carry out the presidential edict "On Phased Constitutional Reform in the Russian Federation" on oblast territory. Endless disobedience rallies and meetings were organized in the Bryansk area.

Today, unlike fall 1993, the situation in the region is totally under control and the population is tired of political battles. There are no meetings, demonstrations, or rallies being held in the city or the oblast, enterprises are working normally, and agricultural work is fully under way. People have clearly come to realize that it is better to channel their energies into creative activity.

Blagoveshchensk

Deputies, showing themselves to their people for a few days, have been telling all and sundry how bad the president and the government are. Opposition leaders, who often represent nobody but themselves, are calling

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on the masses to show solidarity with the Duma and to call for the resignation of the antipeople regime. But the masses, judging by everything, have already lost their old class-based vigilance, and have not yet acquired the new vigilance of the postsocialist era — consequently, the prospect of mounting the barricades does not appeal. Essentially, the oblast administration, which has not made any public reaction to the power collision in Moscow, is observing from the sidelines. Admittedly, the administration press service has promptly supplied the oblast mass media with the statement from the "Russia Is Our Home" movement on the parliament-government crisis, which reached the Amur from the capital on the very eve of 1 July....

Voronezh

Against the backdrop of near-hysterical press articles by certain people's representatives, the voices of the people who we still call "ordinary," following the old Soviet habit, were calm and sober. "We should not rock the boat" — that was the opinion of Anatoliy Shishlov, a lathe operator at a Voronezh production association producing heavy excavators. "Everyone is bad-mouthing the government just now, but I think that it should be supported, Anatoliy Andreyevich continued, "otherwise the long-awaited stabilization will never materialize."

The fact that sober-minded people have not changed their position is also shown by the recent constituent conference of the regional branch of the "Russia Is Our Home" sociopolitical movement. The delegates' speeches contained objective assessments of our current situation — consolidation of forces and the assertion of the principles of civic peace and harmony have begun in the oblast.

Economic Issues

Government Sets Basic Economic Targets for 1996

LD0207151095 Moscow INTERFAX in English 1313 GMT 2 Jul 95

[FBIS Transcribed Text] MOSCOW, July 2 (INTERFAX) - The Russian government has set the basic indexes for the country's social-economic development in 1996 which were fixed in the prognosis of Russia's social-economic development and the draft budget for 1996, Russian Prime Minister Viktor Chernomyrdin said when opening the fourth meeting of the Advisory Council on Foreign Investments into the Russian economy under the Russian government in Moscow today.

He said the cabinet of ministers was completing its work on the prognosis of the country's social-economic development and the draft budget for 1996. In line with these documents, the budget deficit in 1996 must not exceed 4 percent of the GDP (the index for 1995 is 5.6 percent). The average monthly inflation rate was prognosticated to be 2 percent in 1996. Chernomyrdin said that to achieve such results "the rather tough budget and monetary-credit policy must be continued." "We are not going to retreat and we will not retreat," he added.

Chernomyrdin said the cabinet expected financial stabilization to be completed in 1996 and industrial output to rise as well as investment activity. The gross domestic product will be 1,900-2,000 trillion rubles with a deflator index of 123-127 percent.

According to the prognosis, the economy's gross profit (the mixed income including the economy's total gross profit and amortization) will account for a larger part of Russia's GDP in 1996. Amortization will account for 13 percent of the GDP.

The cabinet said the population's real income in 1996 would remain on the level of 1995. "Unfortunately, we expect the number of officially unemployed to rise by about 1.5-2 million people," Chernomyrdin said. He said he believed that to tackle this problem the employment policy must be seriously corrected.

Chernomyrdin said Russia's total export in 1996 would be $56-58 billion or 4-7 percent more than it is expected in 1995. Russia's import will increase by 11-13 percent. The share of net export in the GDP (which reflects the degree of the economy's orientation towards foreign markets) will be 5-6 percent in 1995-1996 against 3 percent in 1994.

Finance Minister on New Tax Code, 1996 Draft Budget

LD0207143795 Moscow INTERFAX in English 1313 GMT 2 Jul 95

[FBIS Transcribed Text] MOSCOW, July 2 (INTERFAX) — The new tax code of the Russian Federation will rather come into effect in 1997, Russian Finance Minister Vladimir Panskov told INTERFAX on Sunday [2 July]. He is taking part in the Moscow meeting of the Consultative Council for foreign investments in the Russian economy.

According to Panskov, during the working out of the code, the authors wanted to create a law of "direct action", when instructions and sub-legal acts are be obsolete. "The government in July-August, 1995, will make a rough draft of the document," said Panskov.

However, he said, "it is unrealistic" to expect that the Duma and the Federation Council will approve the document after the parliamentary vacations before the elections to the Federal Assembly.

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Earlier Prime Minister Chernomyrdin said that it would be good to introduce the tax code already early in 1996.

Speaking about the draft budget for 1996, Panskov said that the government will finalize the work over the document on July 10-15 and after the parliamentary vacations will submit the budget to the State Duma.

Panskov's 'Stabilization' Claims Questioned

MM3006125295 Moscow KOMSOMOLSKAYA PRAVDA in Russian 30 Jun 95 p 3

[Article by Aleksandr Lyasko: "Dances of the Kremlin Shamans"]

[FBIS Translated Text] At the beginning of the week we witnessed another high-ranking lie. This time it was Finance Minister Panskov. He assures us that the dollar could slip even to the 4,000-ruble [R] mark, and this, he says, is a good sign of financial stabilization. Inflation has halved compared with the horrible 18 percent in January and the ruble had strengthened.

Making up stories is something for which the Russian people are renowned. The disgusting thing is that the storyteller is an official. Indeed it is Panskov's job to know the real state of the economy he is in charge of. Budget implementation was a mess, the state sector received only two-thirds of the money allocated to it. Inflation is at the same level for the third month running. Price rises in June will be at least 7 percent, with prices of potatoes and vegetables reaching that figure in just one week.

There is no obvious reason for a fall in the dollar rate. Taming inflation is irrelevant: It fell all the time from January through April, meanwhile the dollar rose, lagging only a little behind ruble prices. It is all much simpler: For the third year running there has been a normal seasonal reaction in spring. By September at the latest the storm of newly distributed rubles will lash the currency exchange, the dollar rate will rise sharply, and the Central Bank will sell off its entire 9-billion currency reserve in two weeks.

Do you know how the master-stabilizers intends to fight that? Another pensions indexation falls due on 1 August, with an overall rise of 20 percent. So Vice Premier Yarov, on behalf of the entire government. asked the president not to sign the indexation. In order not to spoil the financial idyll. Put simply, there is no money left in the coffers, because production is at a standstill and cannot pay taxes, no matter what spells the priests, headed by Chubays and Panskov, cast on it.

'Technocrat' Named Central Bank Deputy Chairman

MK3006125095 Moscow SEGODNYA in Russian 30 Jun 95 p 4

[Report by Andrey Grigoryev: "Central Bank Leadership Grows More 'Technocratic.' Igor Dubrovo Is New Deputy to Tatyana Paramonova"]

[FBIS Translated Text] Igor Dubrovo, computer technology department director, has become the seventh deputy to the Russian Central Bank chairman. Mr. Dubrovo is a 100-percent technocrat — in 1969, he graduated from the computer software department of the Moscow Economics and Statistics Institute. He became deputy chief of the USSR State Bank Main Computing Center in 1983 and was its chief between 1986 and 1991. Following the August [1991] putsch and the "sovereignization" of the State Bank by the Russian authorities, he quit the job following Viktor Gerashchenko's dismissal. For a brief time he engaged in commercial activity which, however, had to do with his professional interests.

Making a comeback as Central Bank chairman in 1992, Viktor Gerashchenko asked Igor Dubrovo to fill the position of director of the Russian Bank's computer technology department. The first big project Mr. Dubrovo carried out in his new position was the Interstate Settlements Center based on the Main Computing Center. It supported the procedure and monitoring of settlements between the Russian Federation Central Bank and the national banks of ex-USSR republics. After the collapse of the ruble zone, however, its role now is limited to monitoring intergovernmental settlements between Russia and the CIS countries. Later Mr. Dubrovo directly supervised all the Central Bank's computer technology projects: a system for major settlements, the development of unified technical standards for clearing organizations, and so on.

Mr. Dubrovo's new status emphasizes the growing role of these areas for the Central Bank. The new deputy president will possibly also be responsible for all questions related to the development of a single standard of plastic cards. From the point of view of the current Central Bank leaders' personnel policy, Igor Dubrovo's appointment once more confirms the trend toward "higher professionalism" of deputy chairmen and their smaller political influence.

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Banking System Nonpayments Total R158 Trillion

MM3006142995 Moscow IZVESTIYA (Financial Section) in Russian 29 Jun 95 p i

[POSTFACTUM report: "Volume of Nonpayments in Banking System Reaches R158 Trillion"]

[FBIS Translated Text] The volume of nonpayments in the Russian banking system is 158 trillion rubles [R], Vyacheslav Zakharov, vice president of the Association of Russian Banks, has reported. Of this, he stressed, R35 trillion is accounted for by overdue enterprise loans, and the rest by the overdue interbank debt.

Central Bank Dialogue on 'Dedollarization'

954Q0231A Moscow DELOVOY MIR in Russian 21 Jun 95 p 1

[Commentary by DELOVOY MIR commentator Moisey Gelman: "Dedollarization: A Financial Operation or Policy?"]

[FBIS Translated Text] On Monday, Tatyana Paramonova, acting chairman of the Central Bank of the Russian Federation, invited bankers, representatives of the Ministries of Finance and Economics, several Federal Assembly deputies, and journalists from several newspapers to discuss financial problems of Russian macroeconomics.

Opening the discussion, Tatyana Paramonova noted that the inflation rate in the country is falling thanks to budget revenue generated not through money emission but mainly only through tax collection and GKO [short-term government bonds] placement by the Ministry of Finance. The emission credit to the government will amount this year to only 3.475 trillion rubles [R]. The money supply increased from R49.9 trillion as of 1 October 1994 to R61.6 trillion by 1 January of this year. At the same time, the cash money supply increased from R31.6 trillion to R38.2 trillion, respectively.

Since the yield of foreign currency operations declined, sales of foreign currency to the Central Bank [CB] increased. At the same time, its entry into the country diminished and the exchange rate of the ruble began to rise.

Tatyana Paramonova said that the CB is trying to balance demand and supply at the foreign currency exchange. The CB currently "dumps" the rubles there and buys up foreign currency, thus leveling the fluctuations in its exchange rate. These actions are aimed at gradually reducing the attractiveness of the dollar inside the country. However, at the same time, in order to avoid destabilization, we should not allow panic dumping of dollars already in the hands of the population (about $6 billion).

Tatyana Paramonova emphasized the necessity of creating conditions that would attract ruble savings to banks (the Savings Bank for some reason reduced interest on deposits, setting it below the monthly inflation rate). The population currently has on hand R54 trillion (is perhaps some of it circulating in the illegal sector?).

Tatyana Paramonova also touched upon the problem of increasing the CB reserve. As heads of some commercial banks noted, the current reserve of R16 trillion comprises a relatively small share of the money supply, and its recent increase had insignificant effect on the money circulation in the country. For commercial banks, however, reserve deductions are quite substantial. It probably would benefit everyone if part of it could be directed into investment in commodity production or as a credit to reduce nonpayments, which have exceeded R100 trillion by now.

The discussion participants divided in their attitude toward the decline in the exchange rate of the dollar. It hit first and foremost exporters. And examples were cited where delivery contracts were canceled. There were contentions that the dollar exchange rate is unjustifiably high. However, this was more on the level of emotions than argument. Because this exchange rate is currently set to a large extent by the ratio of foreign currency supply and demand at the foreign currency exchange, which is regulated by the CB, rather than by objective correlation of the ruble and the dollar as measures of value and quantity of materialized labor in Russia and the United States, respectively.

In the opinion of Promstroybank's chairman of the board, Yakov Dubenetskiy, only the situation with respect to the federal budget has improved. The government and the CB are restraining the money supply, but nobody has yet shown which payment turnover creates inflation. As to investment, it will remain spotty even under the current demonetarization of the economy and will not lead to radical changes in industrial production.

Fears were also voiced that attempts to tie the change in the exchange rate of the ruble to inflation will make the latter rise. Nobody explained, however, how it would happen.

The discussion in the CB brought up a lot of questions. First and foremost regarding dedollarization. The dollar currently fulfills all functions of money in Russia. There is about $20 billion in circulation here, that is, recalculating at the exchange rate, more than the ruble money supply. If the dollars are evacuated from Russia, what will fill the hope in our payment turnover? Price

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reductions? But how? Denomination of the ruble? Or emission of the ruble while keeping the current prices?

It looks as if the policy of dedollarization so far has not yet been worked out. And to conduct it in such a way as the thoughtless all-out dollarization of the country in the recent past is to plunge it into a new financial chaos. Besides, the decline of the dollar exchange rate could result in the loss of savings on the part of many citizens who keep their money in this currency instead of banks. And once again, as in 1992, they will lose their savings.

Another question is how the commodity-money exchange in the country is being balanced (and whether it is being balanced altogether). To cover last year's GDP of R630 trillion, the money supply had to go through 10 (!) cycles. We are lucky if it did four. It is not hard to calculate the deficit. Which is why it is being compensated for by dollar intervention and nonpayments.

The CB leadership does not duck the questions, thus demonstrating its desire to improve the country's economic situation.

Government To Create Private Deposit Insurance Fund

MK3006122095 Moscow SEGODNYA in Russian 30 Jun 95 p 2

[Report by Aleksandr Bekker in the "Guarantees" column: "The Central Bank Demands That the Population's Deposits Be Insured. It Is Not Clear Yet Whether the State Will Bear the Costs"]

[FBIS Translated Text] Virtually every tenth commercial bank in the country is now "on the verge." To be more accurate, of 2,259 banks, 140 have had their licenses revoked by the Central Bank and another 130 are under examination with a view to revocation. This was announced Wednesday by Tatyana Paramonova at a session of the Government Commission on Streamlining Payments and Settlements [CSPS]. Clearly, no supervision is capable of reducing the probability of individual commercial bank bankruptcy to zero. Therefore the Central Bank, according to Paramonova, seeks mostly to eliminate "system risk." In other words, to prevent a chain reaction in which the collapse of one or several banks can trigger a crisis in the entire Russian financial system.

From this point of view, according to the acting Central Bank chairman, the situation in the country is manageable; there have been no catastrophic bankruptcies, and the natural selection of banks is under way. At the same time, the examples of Chara, Favorit, and the Mezhregionbank are an alarming symptom. Therefore the Central Bank submitted to CSPS consideration a list of measures to ensure the stability of the banking system. It includes drafting a whole series of legislative enactments and introducing changes into the Civil Law and the Civil Process Law Codes. Furthermore, the Central Bank believes it necessary to make commercial banks more "transparent" to small depositors by periodically publishing their balance sheets. The Central Bank limited bank operation risks to the following proportion: The bank's own assets must not be less than overall private persons' deposits.

Going further, the Central Bank insists on firm guarantees for small depositors, for which purpose it is necessary to accelerate the creation of the Federal Fund for the Compulsory Insurance of the Population's Monetary Savings. Anatoliy Chubays, CSPS chairman, proposed that the commercial banks' assets, which will be deducted into this fund, be supplemented with state support. Therefore, he believes, next year's federal budget should envision a special expenditure article.

The first vice premier's proposal received a restrained reaction from session participants. They all agreed that guarantees of citizens' deposits exist elsewhere in the world. But, according to Petr Mostovoy, first deputy chairman of the State Property Committee, the majority of countries do not provide for the participation of budget resources in private deposit insurance: "Maintaining reserve funds is the express obligation of banks. This is their risk and they must be responsible." Deputy Finance Minister Andrey Kazmin holds a softer position: Compensation to small depositors who have sustained losses must be effected mostly from the banks' reserve funds; and only if these funds are exhausted can the state budget come to their aid.

In the end the commission approved the plan for the accelerated creation of the Federal Fund for the Compulsory Insurance of the Population's Monetary Savings. It was decided that the commission will include: the Finance Ministry, the State Property Committee, the Federal Administration on Insolvency (Bankruptcy) Cases, the Federal Insurance Supervision Service, and the Association of Russian Banks. The Justice Ministry was entrusted to consider the Central Bank's list of proposals on working out normative enactments to support the stability of the banking system.

Major Commercial Bank Pleads For State Help

MK0107121095 Moscow SEGODNYA in Russian 1 Jul 95 p 2

[Report by Aleksandr Bekker under the "Crisis" rubric: "The Moscow Interregional Commercial Bank Is in

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Trouble and Requests State Support. The Government and the Central Bank Are Perplexed"]

[FBIS Translated Text] In early March, rumors appeared that the Moscow Interregional Commercial Bank [Mezhregionbank — MICB) was rapidly plunging into crisis. Customers had exceeded the time limit for repayment of credits and, as Albert Shalashov, chairman of the board, admitted, their debt to the bank amounted to 2 trillion rubles. The bank provides services for 160,000 deposit holders and 22,000 enterprises in Moscow Oblast, financing the activities of the 50 largest ones.

MICB founders — including 360 enterprises affiliated with the gas, chemical, machine-building, and defense industries — have remained not indifferent to this fact: On 13 April, at a meeting of shareholders in Krasnogorsk, they demanded an accounting. The bank leadership explained that it had granted huge credits to defense industry enterprises with which the Finance Ministry had a backlog of state orders. The nonpayment of these credits caused a great hole in the MICB balance. Shareholders were assured that some emergency measures taken permitted the bank to regain a certain stability. "There will be no question of bankruptcy," Mr. Shalashov told a KOMMERSANT-DAILY correspondent, adding that "in no later than a week" would the MICB have its normal balance reestablished.

The formerly state-owned special bank, however, has done a quite different thing: On 26 May, the MICB terminated payments out of enterprises' clearing and current accounts, and a week later all payments to customers were completely frozen. This was immediately followed by letters and telegrams to the Kremlin from those who fell victim. Mr. Kuvshinov, head of the Moscow Canal Hydraulic Structures' Yakhroma section, asked President Yeltsin to give orders to settle the matter with the MICB in order "not to let pumping stations that supply water to the capital stop." Mr. Varnachev, president of the "Stroitelnaya Tekhnika" [Civil Engineering] association, tried to convince Oleg Soskovets that the "Betsem" joint-stock company's accounts at the MICB need to be unfrozen, otherwise "the Russian state's prestige will be seriously jeopardized, since half of the "Betsem" capital belongs to the Netherlands royal company "Begemon." Mr. Polyakov, first deputy head of the Moscow Oblast Administration, warned Anatoliy Chubays that there is a threat of a social explosion, since 20 percent of legal persons on its territory are serviced by the MICB.

The most comprehensive message, sent to Viktor Chernomyrdin, was that by Mr. Shalashov. The chairman of the board informed the premier that "the MICB's investment and fiscal policy has always been formulated taking into consideration long-term interests of the domestic industry to the detriment of our immediate commercial profit. In our strategy, we have always aspired to comply with the government policy aimed at the creation of mechanisms for an organic merging of financial and industrial capital."

Having expressed maximum loyalty to the addressee, the letter's author at the same time has brought to the premier's attention the fact that the termination of financing for the nine most essential enterprises in Moscow Oblast is creating considerable social tension. Mr. Shalashov has not omitted the moral aspect, either: "One of the few banks trying to work in the interests of the national economy has suddenly been left alone, confronted with problems that can only be solved in close cooperation with governmental structures."

Having finished with "lyricism," the MICB leader proposed his constructive solution envisioning three steps: The government, jointly with the Central Bank, issues its statement in support of the MICB's investment policy and expresses its interest in the bank's recovery; the government also grants to the bank a 1- trillion-ruble credit for a period of one year; and the same government assigns to the MICB the status of a bank, authorized by the government to finance investment programs.

After the tactical aviation has "dropped all its bombs," the "salvo fire rocket launcher" went to work: First Vice Premier Soskovets has sent a note to Finance Minister Panskov and Economy Minister Yasin suggesting that the possibility of removing the rope from the MICB's neck be examined jointly with the Central Bank. Three days ago, [Central Bank acting chairman] Tatyana Paramonova mentioned the Mezhregionbank situation at the meeting of the governmental Executive Committee on Perfecting Payments. The issue was not further considered, but this will hardly be the end. According to the PRAYM agency, yesterday Mrs. Paramonova said that the Central Bank "can help the MICB, and indeed wishes to do so," but it "sees no reciprocal moves on the part of the bank's leadership."

The government has found itself in a very delicate situation: To make a statement just on one bank would mean to advocate a possibly not very professional credit and investment policy of former special banks as such. To allocate 1 trillion rubles to the MICB would also mean to create a dangerous precedent: After this, any bank, having been "sightlessly" crediting state enterprises, will rightfully make its claims to central and local authorities.

In April, after the shareholders' meeting, Mr. Shalashov said: "We have come to the conclusion that one should

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count only on his own resources." Today, the bank is gazing longingly at the state treasury. Of course, the French Government did not feel shy about helping Credit Lyonnaise out of trouble. But that was a nationwide bank, with a large portion of shares belonging to the state. The MICB branched off the USSR Promstroybank five years ago. And if one is to speak about curing it now, the question of the competence of its leaders and the measure of their responsibility for credit policy should first be raised. Why, for instance, had the MICB — granting huge credits — not created reserves for possible losses on loans, as required by governmental Decree No. 490 of 16 May 1994? One can also address the issue from the other end: To what extent are former special banks independent of state enterprises in their policies?

The Finance Ministry has already spoken against any government statement on the MICB and against allocating 1 trillion rubles, as well as against granting it authorized bank status. Now the cabinet of ministers is to say its word. There have been cases in world practice when state support proved the lesser of all evils, since damage caused by an undermined banking system can be greater. The White House and the Central Bank are to decide whether this is precisely such a case.

Investment Seen Stagnating in Unstable Climate

MM3006145195 Moscow IZVESTIYA (Financial Section) in Russian 27 Jun 95 p ii

[Article by Yelena Fedorova, section head in the Russian State Committee for Statistics: "War in Chechnya Has Become Barrier to Foreign Investments"]

[FBIS Translated Text] In spite of all the government's efforts — Coordinating Council sessions, comprehensive programs, and individual conferences — there was no increase in foreign investments in the first quarter of 1995. On the contrary, their volume decreased. Some $229.9 million entered the Russian economy during the first three months of 1995, which is 60 percent of the first quarter and 73 percent of the fourth quarter last year. Even a significant increase in the proportion of ruble investments — 95.2 billion rubles [R] in the first quarter compared to R89 billion for the whole of 1994 — does not make up for the reduction in dollar receipts. There are no apparent economic reasons for this — there was no worsening of the financial and economic situation during the first quarter. The only explanation which springs to mind is the war in Chechnya. The events of the end of last year and the beginning of 1995 really put foreign investors on their guard and forced them to act in a more restrained manner in terms of investing their capital in the Russian economy.

The structure of investment changed somewhat during the first quarter. The fuel industry, which was for the whole of 1994 the undisputed leader, disappeared from the top ten most attractive economic sectors. Its place was taken by the timber-processing and paper and pulp industry ($30.9 million), followed by the food industry ($29.7 million), and trade and public catering ($26.8 million). As far as ruble investments are concerned, one-third of them (R31.3 billion) were made in the area of finance and credit and one-fifth (R21.2 billion) in construction. What we have here is a continuation of last year's trends — all attention continues to be focused on the sectors with the quickest capital turnover and on the raw-materials sectors.

Of the investor countries, Russia proved to be of most interest to the United States (with $44.0 billion), Belgium ($28.3 billion), and Austria ($25.9 billion). The largest ruble investments were made by Britain with R16.1 billion (17 percent of the entire volume of ruble investments), Switzerland with R13.3 billion (14 percent), and the Latvian Republic with R13.2 billion (14 percent).

This year the Russian State Committee for Statistics has for the first time begun to collect figures for investment receipts and Russian investments abroad. These figures show that Western investors get a fairly high return from their invested capital: In the first quarter investment returns amounted to $152.2 million and R726 million. What is more, whereas for every ruble invested during an average quarter in 1994 there was a 3.3-kopek return, there was a 57.7-cent average-quarter return on each dollar. Practically all dollar returns are represented by earnings from direct investments, or, to be precise, by distributed returns ($151.3 million), which means dividends paid to the direct investor in accordance with his share of joint stock and the interest paid to the direct investor for the credit he has provided. These figures are evidence that Western investors prefer to receive their returns as convertible currency and are in no hurry to reinvest them in the enterprise which has provided their earnings but use them for different purposes and, as a rule, take them out of the country.

Russian investments abroad amounted to $987.5 million during the first quarter, of which deposits in foreign banks accounted for 98 percent of the total volume. The experience of Western countries shows that, when certain restrictions are placed on Russian residents' foreign currency transactions abroad, the latter do not reflect these transactions in their statistical reports for fear that the information could reach the tax services. From this we are forced to conclude that, if individual honest enterprises (in our case several major banks holding accounts abroad on a completely legal basis)

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showed that they alone had investments abroad of almost $1 billion, we can only guess at what the figure really is. If we compare received investments and investments which have gone abroad, the latter exceed the former by a factor of 4.3. We can cast doubt on the figures' absolute values, but we can perceive a clear trend.

The forthcoming parliamentary elections at the end of 1995 and the accompanying campaign will not increase political stability in Russia, what is more the Russian presidential election is not far off either. Until investors obtain trustworthy political and economic guarantees, there is no point in counting on significant progress with regard to Russia.

Expert Sees Real Unemployment Rate at 18 Percent

MK3006121095 Moscow SEGODNYA in Russian 30 Jun 95 p 3

[Report by Elmar Murtazayev under the "Employment" rubric: "Unemployment Growth Rate in Russia Slows Down. Experts of Many Departments, However, Differ in Assessing Its Scale"]

[FBIS Translated Excerpt] [passage omitted] Tatyana Maleva, candidate of economic sciences and expert at the Institute of Economic Analysis, said in an interview to your SEGODNYA correspondent, while commenting on the labor market situation, that the Federal Employment Service [FES] has nothing to do with the slowdown in the unemployment growth rate in May. The expert thinks the FES is generally incapable of influencing the processes of employment because the programs it develops are hollow and register only the number of unemployed.

The true reasons for the slower unemployment rate, Mrs. Maleva thinks, lie in the history of economic reforms. Early in 1992, the government had a choice to either try to heal the economy, which would unavoidably entail massive bankruptcies of enterprises and a rapid growth of unemployment (according to the International Labor Organization, the total number of unemployed in this case would have been 6 or 7 million); or to contain unemployment by supporting inefficient production. Opting for the latter, the government continues to follow this policy now. In Mrs. Maleva's opinion, in the Russian economy, unemployment is growing in the inefficient sectors (the textile industry, the consumer-goods industry and so on) while the level of employment remains steady in efficient industries which are mainly geared to export. Nevertheless, in Mrs. Maleva's estimate, the real level of all forms of unemployment in Russia is at the present time around 18 percent of the entire economically active population.

In the expert's opinion, yet another attempt at financial stabilization "has already failed and will not be pushed through in full measure." Mrs. Maleva thinks that yet another injection of money is taking place in the Russian economy (in the estimate of the Institute of Economic Analysis, money supply grew by approximately 10 percent in May), hence credits continue to be provided to enterprises that are not oriented toward the free market. This also means, Mrs. Maleva added, that no serious change on the labor market is anticipated in the few coming months.

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International Affairs

Marchuk Arrives in Bucharest for Black Sea Forum

LD3006160495 Moscow INTERFAX in English 1150 GMT 30 Jun 95

[FBIS Transcribed Text] BUCHAREST, June 30 (INTERFAX-UKRAINE) — Prime Minister Yevheniy Marchuk leads a government delegation which arrived in Bucharest early on Friday to attend a summit Black Sea Economic Cooperation [BSEC] countries there.

Our special correspondent says Marchuk is expected to hold a series of meetings with other BSEC leaders.

He meets Presidents of Moldova and Azerbaijan Mircea Snegur and Heydar Aliyev on Friday and will have a lunch with Russia's First Deputy Premier Oleg Soskovets who is in charge of the Russian delegation.

Marchuk is also scheduled to meet his Romanian counterpart Nikolae Vekeroiu today and Romanian President Ion Iliescu on Saturday.

Two other members of the Ukrainian delegation are Foreign Minister Hennadiy Udovenko and First Deputy Foreign Trade Minister Igor Podolev.

Speaking at Bucharest airport, Marchuk said such meetings could help boost regional cooperation, particularly bilateral economic relations.

He spoke of the prospects of an improvement in trade with Romania in the next year or so.

Marchuk hopes that the BSEC summit could help Ukraine build up economic relations with regional countries.

Marchuk Meets Romanian President

LD0107191495 Kiev UNIAN in Ukrainian 1540 GMT 1 Jul 95

[FBIS Translated Text] Kiev, 1 Jul (UNIAN) — Following a conversation today with Romania's President Ion Iliescu, Ukraine's Prime Minister Yevheniy Marchuk said that a treaty on good-neighbor relations and cooperation between Ukraine and Romania is almost ready for signing.

A UNIAN correspondent reports from Borispol Airport that in a statement for the press, Marchuk stressed the fruitfulness of his meetings with the president and prime minister of Romania, at which they discussed, in particular, economic issues, problems of border cooperation, and the state of preparedness of a future large-scale Ukrainian-Romanian treaty.

Marhcuk handed Romania's president a letter from Ukraine's President Leonid Kuchma. Iliescu's proposals concerning a future summit have been passed to Kuchma.

BSF Officers Support Russian Defense Minister

LD3006175595 Moscow INTERFAX in English 1502 GMT 30 Jun 95

[FBIS Transcribed Text] SEVASTOPOL, June 30 (INTERFAX) — An association of Black Sea Fleet [BSF] officers has stood up for Russian Defense Minister Pavel Grachev, whose dismissal is demanded by the State Duma, the lower house of parliament.

The Fleet's Coordinating Council of Officers' Assemblies, in an appeal to Russia's leadership released in Sevastopol on Friday, says it trusts "the minister who is a patriot and a professional" and that his dismissal "would be detrimental not only to the armed forces but at the present moment also to the national security interests of Russia."

"The defense minister, at an extremely difficult time, was able to preserve the combat nucleus and potential of the armed forces," the appeal reads further on.

"Without making any assessments of the political aspects of the Chechen events, we maintain that there the army has carried out its tasks. The military goals have been attained, the greater part of well-armed and trained formations of Chechen fighters has been defeated and dispersed," the officers continue.

Moreover, "General Grachev bears no responsibility for the fact that the political leadership of the country was not informed beforehand about possible terrorist acts on territories bordering on the conflict zone," they argue in reference to a mid-June drama in southern Russia, where a group of Chechen rebels attacked a town, killing about 100 people and taking hundreds hostage.

The Coordinating Council expresses support for President Boris Yeltsin's view that a newly appointed minister will take a long time to get his bearings in his new capacity.

"Replacing one minister with another would be a tribute to the current political situation and not a radical solution to the problems the armed forces face in general," the officers say.

National Affairs

Kuchma Edict Confirms Prosecutor's Powers

LD0107163395 Moscow INTERFAX in English 1600 GMT 1 Jul 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] KIEV, July 1 (INTERFAX-UKRAINE) — Ukrainian President Leonid Kuchma

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signed a decree Saturday to confirm the powers of Prosecutor-General Vladislav Datsyuk, INTERFAX-UKRAINE learned in the presidential administration.

The Ukrainian parliament made a resolution to relieve Datsyuk of his duties as the republic's prosecutor-general "for gross violations of official obligations" on June 21.

The presidential staff regarded the decision as a violation of the recently signed constitutional accord between the president and the parliament. The accord enacted the power-sharing law under which the prosecutor-general was appointed and removed only by presidential request.

Poll Shows Kuchma Has Highest Ratings in Kiev

LD0307103795 Kiev UNIAN in Ukrainian 0815 GMT 3 Jul 95

[FBIS Translated Text] Kiev, 3 Jul (UNIAN) — In June, Ukrainian President Leonid Kuchma's rating among Kiev residents was the highest ever since he became the president. In June, he became even more popular than other politicians. This is the opinion of the "Ukraine Sociology Service" which conducted a public opinion poll at the request on UNIAN. According to the poll, 36 percent of respondents (25 percent in January 1995) fully trust the president and 14.4 percent totally mistrust him (24.6 percent in January).

Oleksandr Moroz, chairman of the Supreme Council of Ukraine, is much less popular than Leonid Kuchma, "Ukraine Sociology" says. As many as 10.6 percent of those polled fully trust Moroz (13.8 percent in January 1995) and 36.8 percent totally mistrust him.

As many as 13.1 percent of Kiev residents fully trust Ukraine's Prime Minister Yevhen Marchuk and 16.1 percent totally mistrust him.

Prime Minister Marchuk Comments on New Government

LD0107181595 Kiev UNIAN in Ukrainian 1615 GMT 1 Jul 95

[FBIS Translated Text] Kiev, 1 Jul (UNIAN) — The first steps of a new government should be directed toward the "consolidation of central executive power," Ukraine's Prime Minister Yevhen Marchuk told UNIAN upon his return from Bucharest.

According to Marchuk, the new government should be formed by the end of this week.

The prime minister said the system of management is now in many ways "not optimal and is imperfect." There are contradictions between the center and the regions, between separate regions and within the authorities — between the government and the apparatus, the government and ministries, and the government and the Ukrainian president's administration.

"The first steps of the government will be directed toward optimizing the activities of the government itself," Marchuk said. After that, the vertical structure of executive power will be established.

The consolidation of the executive power should be started from strict abidance by the budgetary discipline, the prime minister believes.

Under present-day conditions, Marchuk said, there is no bringing back the "mechanics of the administration by mere injunction system, which completely discredited itself."

Crimean Electoral Commission Announces Results

LD0107164295 Moscow ITAR-TASS in English 1627 GMT 1 Jul 95

[By Lev Ryabchikov]

[FBIS Transcribed Text] SIMFEROPOL, July 1 (ITAR-TASS) — The Crimean central electoral commission announced on Saturday the results of the local elections that took place in Crimea last week.

Rural areas have formed on the whole their executive and legislative bodies of power, while in cities only 36 per cent of mayors and 30 per cent of deputies have been elected. By-elections will be held in a week, while run-off elections have been scheduled for the end of August.

The June 25 polls were attended by 53 per cent of eligible voters. Voting was more brisk in rural areas, while in cities the turnout was much lower. Elections were reported invalid in Feodosia, Yalta, Simferopol, Saki, Armyansk, Alushka and two rural constituencies.

In Simferopol, seven candidates were contesting the post of the city mayor, six and five candidates were nominated in Yalta and Yevpatoria, respectively.

In other towns the seats in the local governments were contested by the present city mayors and candidates nominated by different parties, including the Crimean Communist Party, the Party of Economic Revival and the ruling Republican Party.

A total of 6,209 candidates were contesting deputy mandates in 4,297 Crimean constituencies.

According to sociological forecasts, over 90 per cent of local council heads will be elected during the next round of elections in a week, leaving only 45 vacancies to be filled in the upcoming run-off elections in August.

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At the same time, analysts believe that the number of unelected deputies will reach 834.

Communists Show Gains

LD3006173395 Kiev UNIAN in Ukrainian 1220 GMT 30 Jun 95

[FBIS Translated Text] Simferopol, 30 Jun (UNIAN) — Data from the election operational headquarters reveals that 290 Communists, 37 Party of the Economic Revival of Crimea members, 5 Republicans (of the Republican Party of Crimea), 4 representatives of the Union in Support of the Republic of Crimea, and 7 nominees of other parties, including members of the Ukrainian Republican Party, were elected to Crimea's local authorities on 25 June.

There are two Communists among the newly elected district council chairmen. Town council chairmen include one member of the Union in Support of the Republic of Crimea, two Communist Party of Crimea members, and one from the Party of the Economic Revival of Crimea. Communists have also taken charge of 13 village councils.

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Belarus

Lukashenka To 'Stiffen Grip' on Regions

LD3006181495 Moscow INTERFAX in English 1510 GMT 30 Jun 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] Minsk, 30 Jun (INTERFAX) — President Alyaksandr Lukashenka speaking in Soligorsk late on Thursday said he would stiffen grip on the regions as part of efforts to establish a vertical structure of presidential authority.

He told a meeting of managers of regional plants now running aground that he was determined to forge it on the ground now that one was formed in the center. In this connection, the president unveiled plans about an impending tour of Vitebsk, Brest and Orsha.

On the economic situation, Lukashenka said the government was in control of macroeconomic methods of stabilization. As an example, he pointed to the rate of the local ruble vs the dollar which remained unchanged in the first six months of this year ($1 equals 11.500 rubles).

The newly-emerging situation came a shock to home producers who adapted themselves to inflationary processes but were incapable to work in conditions of financial stabilization, Lukashenka said. As a result, he continued, there is production slump, mounting dead stock and widespread defaulting.

The president said the only answer to a question of what's to be done was to work and earn since there was no other solution in the world economy since the times of Marx and Engels.

He believes that the emerging situation places the need for resuscitating the old system of accountability on all levels from the cabinet down to the workforce.

Lukashenka spoke of being attacked for a reversal to administrative methods instead of government regulation of the economy. He said he was not a dictator but would restore order to the country.

Lukashenka said no one would be able to renew the process of cheating and plundering the people while he was in office.

President Views Military Reforms, Urges Order

WS0307101695 Minsk ZVYAZDA in Belarusian 28 Jun 95 p 1

[Report by Uladzimir Rudenka from the press service of the Belarusian Defense Ministry: "The Army Needs Order and Decency"]

[FBIS Translated Text] The Belarusian Defense Ministry Collegium held an expanded meeting in Minsk on 26 June. Lieutenant General Leanid Maltsaw, acting defense minister, delivered a report on the situation and further reforms in the Belarusian Armed Forces. The Collegium meeting was attended by Belarusian President Alyaksandr Lukashenka, Security Council State Secretary Viktar Sheyman, Interior Minister Yuryy Zakharenka, and KGB Chairman Uladzimir Yahoraw.

While addressing generals and officers, President Alyaksandr Lukashenka, commander in chief of the Belarusian Armed Forces, noted that the recent reforms in the Army have been an objective necessity, connected with both our country's economic capabilities and a change in the political climate. It has been impossible for Belarus to maintain the large military machine inherited from the USSR. There have thus been quick reductions conducted to achieve an admissible quantitative level.

The president emphasized that a number of laws on the Armed Forces and social protection of servicemen have been passed, salaries of officers and warrant officers have been raised, and attention has been paid primarily to urgent problems. Currently, he said, more profound transformations, and what is most important, qualitative ones are needed.

To achieve that, Alyaksandr Lukashenka stated, all commanders must work in a new way, with energy, treat their tasks responsibly, and provide a personal example in service.

Although we have become accustomed to complaining about difficulties, the president continued his speech, many military parameters are satisfactory. The Armed Forces are manned at the 93-percent level, and this indicator will increase to 97 percent after the current draft. Nevertheless, he pointed out, one cannot but be concerned over the quality of new draftees. For example, 51.5 percent of them are unemployed (as few as 12 percent were unemployed in 1991). Selection must thus be improved, so that young people with patriotic attitudes join the Army. The Army itself should display initiative. Contract service, Alyaksandr Lukashenka noted, is morally and economically interesting, and it must be expanded.

The president discussed in particular the role of military science. The National Military Academy will become

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its center. A different approach is needed with regard to the Suvorov Military School. It should conform to its purpose, and namely — it should develop military dynasties, and help orphans start their lives.

New approaches are also needed regarding work with young officers, Alyaksandr Lukashenka believes. It is incorrect if they leave the Army as soon as they receive a military school diploma. Training of junior commanders and specialists should also be changed.

Continuing, the president said that changes in educational work among troops are urgent. The Army is supposed to prepare not only reliable defenders of our homeland, but also stable citizens, and it should educate young people in the spirit of a serious attitude toward work and life. Slavic people, compatriots, and friends are currently serving arm-in-arm. Why, then, is the so-called bullying of conscripts observed. There is no place for such a phenomenon in our Army, the president emphasized. People should not perish in the Army.

Time has taught many people how to count money, our state leader noted. This must also be done in the Army, halting once and for all the theft and pilferage of state funds.

Further reforms in the Armed Forces and improvement in work in all military areas, in the opinion of Alyaksandr Lukashenka, are connected with entrepreneurship, initiative, scrupulousness, and decency of the administrative military personnel. During the process of reducing the Army, we must decisively dispose of generals, officers, and warrant officers, who cannot, or do not want to work creatively, honestly, and arduously. Diligent and educated servicemen deserve support. Commanders of military units bear particular responsibility. They are at the head of everything, and thus the most stringent demands should be presented to them.

The president noted that a great deal of work aimed at further reforms is still ahead of the Armed Forces. The supreme commander in chief expressed his hope that all transformations will be conducted efficiently and seriously. The main thing for the Army is order in everything, and for servicemen — decency.

The Defense Ministry Collegium issued a comprehensive resolution on the discussed issue.

Lukashenka Edict Reduces Government Staffing

LD2906204695 Moscow INTERFAX in English 1829 GMT 29 Jun 95

[From the "Presidential Bulletin" feature: Compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] Minsk, 29 Jun (INTERFAX) — President Lukashenka on Wednesday [28 June] issued a decree ordering a 30% cut in the staff of six regional governments and city administration in Minsk. It also provides for redundancies in the central government, ministries and departments.

The number of the Interior Ministry's staff is to be cut from 970 to 468 members and that of the defense ministry from 762 to 354. The staff of the frontier forces department is to be reduced from 200 to 120.

But the ministries of foreign affairs, finance and foreign trade are expected to build up their staff.

Moldova

Snegur Meets Leaders Attending Bucharest Forum

AU0107202795 Chisinau INFOTAG in English 1920 GMT 30 Jun 95

[FBIS Transcribed Text] Bucharest, INFOTAG, 30/6/1995 — In the framework of his visit to Romania, where a meeting of leaders of Black Sea states is taking place, Moldovan President Mircea Snegur today had meetings with heads of several delegations, and discussed problems presenting mutual interest.

Mircea Snegur met with Romanian President Ion Iliescu. They pointed out a necessity of a closer cooperation in all fields, and particularly emphasized the expediency of establishing all-out economic ties between the two neighbor states, including joint foundation of free economic zones. This implies, in particular, setting up such zone around the Moldovan village of Jurjulesti (on the Danube River), with participation of Moldova, Romania and Russia. This idea has been actively supported at another Snegur's meeting — with Ukrainian Prime Minister Yevheniy Marchuk. The sides confirmed that the two neighbor states have no particular problems, like there seems to be no difficulties faced by Moldovan and Ukrainian experts who have just began border delimitation work.

The two officials touched upon the problem of transit of Russian weaponry via the Ukrainian territory. Mr. Marchuk said, available international experience will allow to sign an agreement that would satisfy all interested sides.

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The Moldovan leader met also with the Azerbaijanian President Geydar Aliyev, and negotiated possibilities of intensifying trade and economic cooperation, in particular — supplying Moldovan cattle products in exchange for Azerbaijanian cotton and oil. Snegur has invited Aliyev for an official visit to Moldova, with a possibility to sign a framework treaty on friendship and cooperation between the two nations.

Moldovan President Mircea Snegur has spoken for activation and impacting a more concrete character to economic cooperation between Black Sea countries.

Speaking today at the Bucharest meeting of heads of Black Sea states, Snegur pointed out that the Turkey's initiative to create a unified economic mechanism in these countries has proved to be viable. "During the three years after the joint document was signed in Istanbul on June 25, 1992, our organization have become an important international structure, and is constantly developing. We have been joined by more observer countries, including the ones which are members of the European Union. Much interest is shown by international financial and economic agencies. All this proves that we are on the right way, which is in the interests of all member countries," Snegur said.

For concrete achievements, he named the soon-to-come signing of the agreement on establishing a Black Sea Bank for Trade and Development, the establishment of permanent international secretariat, international information exchange center, and Black Sea research center.

Snegur named as "absolutely necessary" the creation of legal framework for the cooperation, harmonization of the member countries' economic legislations, which, in his opinion, will lead to rapprochement to the legislation available in the European Community, which has been demonstrating its efficiency for decades.

Snegur: Russian Base in Dniester Unconstitutional

MM3006125595 Moscow KRASNAYA ZVEZDA in Russian 30 Jun 95 p 1

[Report by Aleksandr Pelts: "Constitutionally There Can Be No Russian Military Base in the Dniester Region"]

[FBIS Translated Text] Moscow — During the Russian-Moldovan talks Moldova refused to discuss the question of a military base being set up in the Dniester Region — as previously planned by the Russian side — based on units of the former 14th Army.

Moldovan President Mircea Snegur said after his meeting with Boris Yeltsin in the Kremlin that the Moldovan Constitution does not permit foreign troops to be stationed on the state's territory and therefore the bilateral agreement on the withdrawal of the former 14th Army must be implemented within the prescribed timeframe. In the opinion of the Moldovan president, the three-year period for the troop withdrawal is quite adequate and feasible; "the main thing is to begin this process."

Guards at Arms Facilities in Dniester Doubled

LD0107112095 Moscow Russian Television Network in Russian 1000 GMT 1 Jul 95

[From the "Vesti" newscast]

[FBIS Translated Text] From today the Russian 14th Army in the Dniester region of Moldova ceases to exist. The military formations remaining there are being given the status of a limited contingent of Russian troops. RIA-Novosti reports that the numbers of guards protecting Russian armaments in Tiraspol have been doubled. The armaments storage facilities will be guarded by soldiers conscripted exclusively from Russia.

Lebed Holds News Conference Before Departure

Comments on Chechen Talks

AU0307120895 Chisinau BASAPRESS in English 1947 GMT 1 Jul 95

[FBIS Transcribed Text] Tiraspol, BASAPRESS, 1/7/1995 — The fact that Russian Premier Chernomyrdin negotiated with terrorist Shamil Basayev only favored him, but on the other hand this confirmed the fact that Basayev brought Russia on its knees, stated Gen. Aleksandr Lebed at a press conference Thursday held in Tiraspol before his departure. He said Russian officials are hypocrite in the negotiations with the Chechens. "Why do they have to call Dudayev a bandit? He was elected by all Chechens, and as a Chechen president he is no less legitimate than Boris Yeltsin as a Russian president," said the former 14th Army Commander. In his opinion, "the attitudes toward Shamil Basayev's personally may vary, but it was he who made the war stop." Lebed predicted at the conference that Viktor Erin will be dismissed from interior minister and Sergey Stepashin from head of the Russian Federal Espionage Service. "The only power minister that will not be yielded by Yeltsin is the Defense Minister Pavel Grachev," said Lebed, Grachev's permanent opponent.

Cited on Safety of Armaments

AU3006154795 Chisinau INFOTAG in English 1732 GMT 29 Jun 95

[FBIS Transcribed Text] Tiraspol INFOTAG, 29/6/1995 — The former 14th Army commander, Lieutenant General Aleksandr Lebed, has stated that after his

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departure the situation around the Russian weaponry in Dniester has not changed.

It may change by autumn, but only for the worse, he said at today's farewell press conference in Tiraspol.

"I am not a prophet, but nobody can give any guarantees of the weapons' safety. The Dniester problem needs to be solved politically, which will only relieve tension in the region and reduce a risk of arms plundering", he stressed.

He named as "political bluff" some politicians' assertions that the armaments can be withdrawn within three years. "This term has been sucked out of their finger."

"To get the stuff out of the region, the entire contingent have to sweat-work during 22 months, 24 hours a day, 7 days a week. And even in that fantastic variant the withdrawal will still be unrealistic at least because nobody will supply transportation means without fail, not to mention the transit problem. Ukraine has agreed in principle, but is now busy thinking how much dollars to demand for the luxury. I am afraid, when Kiev announces its price, many politicians will give up the withdrawal idea," he presumed.

Answering a question about a possible Russian military base in the region, Lebed said "this is a belated reaction. This problem had to be negotiated much earlier." "The base is needed now to protect the arsenal safety. The question was raised in Moscow yesterday, but Mr. Snegur waved it away, having referred to the Constitution. I think nobody will ever raise it again," Lebed said. "In my view, the yesterday's summit has undermined many of the earlier agreements, including the ones reached during Grachev's visit to Chisinau," the general stressed.

"The Moscow summit may de described in three words: gathered, talked, and dispersed," Lebed concluded.

Lebed Leaves Dniester for Moscow

AU0107202595 Chisinau INFOTAG in English 1920 GMT 30 Jun 95

[FBIS Transcribed Text] Tiraspol, INFOTAG, 30/7/ 1995 — The former Russian 14th Army Commander Lt. Gen. Aleksandr Lebed today left Tiraspol for Moscow, where he will reside permanently. He has retired, and handed over his office to Major General Valeriy Yevnevich who is completing reformation of the army command. Since July 1, the former 14th Army will be officially called "the limited contingent of Russian troops in the Dniester region of the Republic of Moldova."

Journalists have reminded to Lebed that three years ago his brother, Colonel Ivan Lebed, had also left Moldova. He was the commander of a USSR paratrooper regiment based in downtown Chisinau. His regiment was then the focus of political passions, and was surrounded by angry crowds of noisy picketers for weeks on end, that's why the colonel said he was leaving Moldova with a sweet feeling of relief.

"I am not feeling any relief," Aleksandr Lebed said at his farewell press conference last Thursday. "I am leaving with a mixed feeling. I rather feel dissatisfaction that I was prevented from accomplishing what I had started. For three years the region has been living in peace. That is very good. But it would be much better if anybody could really guarantee no repetition of war here. Fear of a new war — that's what made me remain in the army as long as it was possible. I have long become a stranger in the Grachev-type armed forces, but the feeling of moral obligation prevented me from quitting earlier."

In a remote perspective, Lebed does not rule out his possible return to military service, but he did not specify in what quality — as defense minister or as commander-in-chief (president of Russia). "Time will show. I can only say now that I am in an excellent physical state. I am 45 years old, and am not going to live on my pension," the general said.

Upon his return to Moscow, Lebed is going to plunge into active politics as a deputy chairman of the Congress of Russian Communities. "In politics, I will be a definite centrist, because one can expect nothing good either from right-wing or left-wing radicals. I am going to devote myself to solving problems faced by the 25 million ethnic Russians living outside Russia by force of fate," Lebed said.

He confirmed his opinion that the army cannot be withdrawn from Dniester in the three-year term. He was the 13th, and the last, commander of the 14th Army, which ceased its existence as such, but the problem of weaponry and ammunition is not yet finally solved. He said he had to leave because no compromise was possible for him either with Moldovan or Dniester leaders, or with the present-day Russian Defense Ministry.

He spoke for soonest possible solution of the Dniester problem, and stated that the self-proclaimed republic has been existing for 5 years by now, but he sees no prospects of its eternal existence. "Local leaders have created a unique feeding machine for themselves and their families which is still operational thanks to the biblical patience of the local population, and due to non-interference by other CIS states and the West. I have an impression that nobody in the world cares about the

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arbitrary rule. And in case black clouds gather above the gangsters' heads, they will just flee from here," Lebed said.

PDAM Leaders Reject Snegur's Accusations

AU0307102195 Chisinau BASAPRESS in English 1750 GMT 30 Jun 95

[FBIS Transcribed text] Chisinau, BASAPRESS, 30/6/1995 — The Moldovan Agrarian Democratic Party (PDAM) Executive Board today made a statement on President Mircea Snegur's defection from the PDAM. "President Snegur's statement on his resignation from the PDAM brought unfounded accusations against the Agrarians and transformed them from reform followers and fellows into pursuers of an 'anti-national policy,'" according to the statement. Referring to Snegur's initiative to modify the Constitution, the PDAM Executive Board pointed out "on the day when Constitutional Article 13 was voted, the parliamentary leadership invited him to participate in the sitting of the legislature but he refused... Perhaps, then he preserved the attitude made public at the conference 'Our Home-Republic of Moldova' when he stated that the name of our language comes from the name of the country... PDAM has never betrayed the interests of its nation and has always acted in the name and for the good of the people, seeking a fruitful cooperation between the legislative and executive powers and the presidency. The PDAM Executive Board has never doubted the need to promote the economic reforms started in 1992. Most off its members have seriously and critically analyzed the mistakes made in the progress of reforms. PDAM has never declared that Moldova's future solely depends on the former Soviet republics. PDAM welcomes and supports mutually advantageous relations with the West." The PDAM Executive Board urges "all PDAM members and citizens to be alert and not let themselves be provoked by the pressures of the street," concluded the statement.

PDAM deputy chairman Aurel Talmatchi told BASAPRESS "there are forces which, capitalizing on Snegur's statement, might try to destabilize the socio-political situation in Moldova." Sources from the PDAM Executive Board told BASA that the voting of the statement was not unanimous "causing a chasm within the PDAM."

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Kazakhstan

Nazarbayev Address to Assembly on Constitution

LD3006191995 Almaty Kazakh Radio First Program Network in Russian 0815 GMT 30 Jun 95

[Speech by President Nursultan Nazarbayev at opening of the Assembly of Peoples of Kazakhstan in Almaty on 30 June — recorded]

[FBIS Translated Excerpt] [Passage omitted: Nazarbayev greets session in Kazakh]

Esteemed participants in the session of the Assembly of Peoples of Kazakhstan. The first referendum ever to be held in the republic was held at your initiative in April this year. I am sincerely grateful to the entire multiethnic nation of Kazakhstan and to the Assembly's members for their profound grasp of the most important problems of our radical reform of society.

Being realists by nature, we well understand that when people extended the president's term until 1 December 2000 they were voting for stability and the interethnic and civic accord which we are succeeding in maintaining, by not allowing any sanguinary conflict in Kazakhstan. They were voting for the continuation of a political course which guarantees the public tranquillity which we so much need, and thus also for the strategy being pursued in the political economic and social spheres.

The changes which took place under the banner of perestroyka led to a collapse of the ideals and destinies of a whole generation, to a serious disruption of their way of life, to economic decline, and consequently to falling prosperity for hundreds of thousands of people. There was, in short, quite a lot of damage. Yet nevertheless the overwhelming majority of participants in the referendum answered yes to the question put on the voting paper. This was far from being a paradox. I think that when the people of Kazakhstan were deciding what the result of the plebiscite should be, they were confirming their faith in our sovereign republic's future.

I am thus grateful to the Assembly for the initiative on the basis of which the referendum was held. The participation of citizens in the referendum en masse and the diversity of views and opinions expressed created a basis for political stability in the country.

As we stand at the threshold of a new century, now that we have defined [words indistinct] as well as certain strategic (?structures) we have an opportunity to rethink the path we have traversed and to decide and [word indistinct] its further progress.

The main aims set out in the strategy for the formation and development of Kazakhstan as a sovereign state which I announced in 1992, as I hope you will recall, and 1993, as the preconditions for Kazakhstan to develop, remain unchanged.

At this forum I should like to share and set out my vision of the situation; argue through the policies arising out of the referendum result for the main areas of public life; and introduce you to those plans which will have to be implemented in order to lay firm foundations for a democratic and law-governed state in the near future. What is primarily involved is the strategy for developing the market and constructing the state.

What, then, are the issues that await us in building our statehood, and the problems which arise out of its formation? The people of Kazakhstan are now living through a complex, watershed period which is typical of all the CIS countries. This is to be explained by the traditions of cohabitation of different peoples in a unitary state, a common mentality and political culture, the habit of resolving economic issues through the old unitary national economic complex, and [word indistinct] levels of labor distribution and production to a system of totalization. [passage omitted: Nazarbayev contrasts utopian hopes of early years of independence with the grim realities which later became apparent; nevertheless substantial economic achievements have been achieved, peace preserved]

I think it is clear to everyone today that there is no going back to the old regime. Too much has changed in the economic system, in people's mentalities and in the structure of society. For this reason, when one looks at the path we have traversed in these three or four years one can say quite definitely that these years are equivalent to decades in terms of their historic significance to the people and state.

How, then, are we to move further toward true democracy, stability, and spiritual revival?

Our society stands on the threshold of new economic transformations. However, if we are serious about wanting to become a law-governed state we must learn to adhere unwaveringly to the constitution, because no circumstance can stand higher than the law. Now, as we stand on the threshold of adopting the fundamental document for the long term we must rise above the situation, the day-to-day difficulties and the various necessities of the transitional period in Kazakhstan.

Our main aim is to create a strong state. This is not, however, a self-oppressing strength, but an instrument for protecting citizens on the basis of generally recognized democratic freedoms and values.

And there is (?only one road): to limit the state's monopoly on ownership to an acceptable level, and

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to develop other forms of ownership by giving every citizen the freedom to engage in enterprise and to decide his own future and economic prosperity. The government and its ministries and departments need to be reproached here; they [words indistinct] and continue to behave as advocates of only the engineering and mineral-extraction sectors. They need to get fully involved in working on other forms of ownership and assist private business — the laws allow this.

The fruits of the economic improvement which is taking shape must be channeled into meeting the essential needs of socially vulnerable sections of the population, above all those who are poor, those are unable to work, and those who are pensioners and war veterans.

As far as the rest of the population are concerned, the state is obliged to guarantee them the economic independence to work and realize their economic and creative potential. In order to do all this there must be a guarantee that the budget can be replenished in a systematic, reliable manner.

A taxation system set up in an optimum fashion will play a decisive role here. We must not cross the line past which the intensification of economic pressure begins to depress people's economic activity, and the treasury's revenue begins to fall. There is one golden rule: the taxpayer is a partner of the state, and not a game bird on which open season has been announced.

In order to ensure economic growth and, on that basis, the prosperity of the nation, I have instructed the government to prepare the draft of an indicative plan of economic social development for the years 1996-2000 by November this year. Without going into all the details of this nascent document, I will tell you the most important points. This document must define the measures that will be needed to raise the standard of living of Kazakhstan's population by a minimum of 100 percent over that period; reduce the annual inflation rate to 10 percent in 1998; and bring about an upturn in production in 1996.

This program which is now under development plans that infrastructure conditions will be formed for small and medium-sized businesses to operate effectively and for private enterprise to develop. It will also pay a substantial amount of attention to getting the social security system into optimum shape and making it more targeted in nature, in part by creating a clear distribution of obligations between the state administrative bodies, and handing over to local bodies those public service functions which formerly fell within the competence of enterprises and organizations.

Three years — 1996, 1997 and 1998 — are singled out and our tasks for each of them are scheduled in precise terms. This is backed up by international financial organizations — the World Bank and the International Monetary Fund — so that the people know exactly what is to happen in 1996, 1997 and 1998. The people will know what the guidelines of our progress are. The fulfilment of our first five-year forecast plan must become a general task for the whole population of Kazakhstan.

To talk in broader terms, to proclaim democracy without a free economy is to create the grounds for dictatorship to appear. Man is free only when he is free economically and when he depends on no one in this regard.

It can be a dictatorship of any kind of group or party. When society is not yet fully structured and is not sufficiently stable, anything can happen, any turn of events. We recently celebrated the 50th anniversary of the Great Victory. The world owes its current existence to the immortal feats of the Soviet [word indistinct]. But let us remember: did not Hitler, who unleashed that world war, come to power by means of democratic elections? That was exactly how it was.

Kazakhstan has the necessary political guarantees of democracy. I am certain that we have chosen the right direction for development. Evidence of this is provided by the very fact that we have guaranteed a multi-party system, that freedom of the press is guaranteed, and that the political orientation of the state authorities is towards civic peace and inter-ethnic accord. [passage omitted: role of media; rejects negative criticism of young people]

I would like to speak again on the fundamental principles of the life of our society and state. Many people know that the initial variant was confined to proposals for amendments to the current constitution. There were a lot of them, but they were still only amendments. But it then became clear that there was a need to change the very structure of the basic law and to make changes to very fundamental clauses, which would entail amendments to many other articles. All this made it necessary to put together an integrated and complete document.

As a result, you have in your hands a draft constitution which is qualitatively different. I will admit that I have worked on it for the last six months. I was assisted in this by our country's best legal academic minds. The draft has been scrutinized by independent authorities from Kazakhstan and abroad. Certain clauses have been checked by studying public opinion. In my view, maximum efforts have been made to provide for whatever collisions might arise. Legal regulation of the hottest issues as defined in the proposed formulations

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was the result of the large amount of painstaking thought which was aimed at uniting everyone and preventing any confrontation in our society with one side or another.

The new constitution is qualitatively different in that it was conceived and put forward as an integrated, clear-cut and realistic contract between the people and the authorities. In a manner that is clear to everyone, it establishes the fundamental, systematic, priority elements of the legal status of the individual citizen, as well as for the organization of society and the construction and functioning of the state system. And nothing more. All the rest, the more detailed things, should be regulated by appropriate laws which will be adopted later.

I hope the people will support this constitution.

I think that it acts as a focus for five main principles for the existence and development of Kazakhstan as an independent and multi-ethnic state that is a full member of the world community. So in my view, the following are our constitutional imperatives:

First, interethnic accord and political stability in the state on the basis of the equal rights of all its citizens.

Second, economic development for the benefit of the whole population of the republic.

Third, the integrity of the country and the unity of its multiethnic people.

Fourth, Kazakhstan patriotism based on the comprehensive state care for citizens of Kazakhstan, above all.

Fifth, the resolution of all issues of importance to the state and all disputes that arise by using peaceful, democratic methods such as a state referendum or putting them to the vote in parliament, and no other way.

The draft that has been handed out to you does not contain these principles. I think that if you will support me, these principles ought to be written into Article 1 of the constitution. And everyone who reads it and has any grounds for questioning it should turn to these five principles. The whole constitution has been created in such a way that these principles can be adhered to strictly.

We apologize for it being so late, but you did receive the new draft constitution the day before yesterday. The work to proofread every word, every sentence went on right up until the last day. And since you have already read it — consultations were held with the members of the expert groups yesterday — I shall dwell on explanations of some of the main provisions of the constitutions.

I shall begin with the issues of the nature and essence of Kazakhstan statehood. As I said earlier, the dominant idea is the unity and integrity of the people of Kazakhstan, which must be reflected in the country's new constitution. Every Kazakhstan person, regardless of ethnic identity, must realize that Kazakhstan is his very own native state which is always ready to come to his assistance and to defend his rights and freedoms wherever he is in the world. Only then will the foundations appear for developing and inculcating a sense of Kazakhstan patriotism. Only then will our citizens have a sense of pride in belonging to the state which the whole world now knows as Kazakhstan.

In this context, the draft envisages a dual solution of the issue. On the one hand, it is proposed to call our country the Kazakh Republic, just as it was known as the Kazakh SSR for decades. I hope you haven't forgotten that. And it didn't bother anyone, by the way.

And Article 2 provides that the concepts of Kazakh Republic and Kazakhstan should be equal in meaning. Call it whichever you prefer.

At the same time, the statement in the current constitution that Kazakhstan is the statehood of the self-determining Kazakh nation alone has given rise to justified concern among our fellow-citizens. For me personally, Kazakhstan is the result of the state self-determination of not just the Kazakhs, but the members of all the ethnic groups who inhabit our enormous country.

I think that if we say at the very beginning that we, the people of Kazakhstan, are together building our statehood on the ancient Kazakh land, that will be an adequate concept. If anyone thinks that is not enough, then I think the names Kazakh Republic and Kazakhstan say a lot, too.

The draft sets out a republic with a presidential form of rule. That is the kind of state that is being built, driven by objective factors and not by any interests or ambitions of the current head of state. And this will be necessary for our country for the fairly long term.

The multiparty system and parliamentarism are essentially at the development stage for the moment in our country. The two parliaments which we had generally threw in the towel whenever there was a need to take decisions which were unpopular but ultimately necessary for people.

In such a situation the state should have leaders who will display their personal political will and take personal responsibility for the country's affairs. In an attempt to be liked by various sections of the population, social or professional groups, the parliamentarians have

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frequently adopted populist laws which were not backed by funds and therefore could not be implemented. They were therefore not implemented.

The execution of these laws was then dumped on the executive authority, which was made out to be bad, and even on the people's authorities, as they said in recent times. Nobody has been made answerable for this insult. These authorities were made out not to want to implement the good laws which they had passed, whereas these laws were not backed by any funds at all. When one passes laws one must say where the money is to be obtained. Anyone can see that. However, that was pushed into the background.

No offense meant, but a kind of collective system like the court of Areopagus seemed to reign among the deputies, which often rejected laws on the spot. This was particularly noticeable in the last parliament's reaction towards the Constitutional Court ruling. You are aware of this.

The presidential republic style of state structure is a more flexible format, which provides for a clear correlation between the powers of president, parliament and government. It makes it possible to realize the classic principle of the division of power into legislative, executive and judicial branches.

Furthermore, a president elected by the entire population acts as guarantor that the constitution will be observed, and as the organizer and arbiter of cooperation between all branches of power and their accountability to the people. He identifies the principal areas of state policy, establishes bodies which will help him to fulfill the role of head of state and guarantor of observance of the constitution and rights and liberties of the people and citizens. He ensures the coordinated and productive operation of all the branches of power and the state organism as a whole.

A democratic country should have neither persons nor organizations who can decide everything. Of course, the presidential republic form contains an inherent trend for power to become personalized, but that is even necessary in some situations as long as there are democratic checks in place. This kind of rule is especially effective during the period of reforms and transition to a different social system, when the situation is not stable, as well as in countries with vast territories and multiethnic states. Many states, both in the East and West, carried out reforms in this way, especially in the prewar period. I will not list them because you yourselves know them well.

The radical turnaround in politics which is taking place in Kazakhstan and other republics of the former Soviet Union must be conducted under the control of state, in the shape of its executive figures, or else everything will be decided by corrupt groups and the underworld. There are a great many unhappy examples of this trend across the territory of the former Soviet Union. Such control is therefore of decisive importance for the ultimate success of all reforms.

How is the president represented in a presidential republic? He is elected by all the people and he appoints the prime minister, and the members of the government at the prime minister's proposal. The president can dismiss them or make it an issue for a parliamentary vote of no confidence in the government. Parliament can end the president's powers before his term is up under certain circumstances. However, the president also has the right to dissolve parliament under conditions stipulated in the constitution. The Constitutional Court is entitled to annul laws and decrees signed by the president, if they contradict the constitution.

As you can see, there is a system of checks and balances which will not allow presidential power to grow into authoritarian rule. I am not a supporter of personal power, and have said so many times. But at the same time, I am in favour of establishing a strong authority out of all the branches of power and state institutions, an authority which will be capable of leading the young state out of crisis, set it firmly on its feet and build a genuinely democratic society in which citizens will view democracy as freedom, on condition that they rigorously observe their country's laws.

The most important thing is to preserve political and inter- ethnic stability on the basis of equal rights for all citizens. It must also be said that strong presidential authority is designed above all to restrict and eliminate arbitrary behaviour by state structures and officials at all levels, not by ordinary individuals. So this authority serves the ordinary citizen of Kazakhstan. And this authority is aimed at ensuring that the rights of ordinary citizens are not flouted by people in power, and others.

I know that during the discussions it was noted that if the constitution is approved the president of Kazakhstan will have far fewer rights than the French president, who is regarded as a yardstick for democracy all over the Western world.

If we talk about building a democratic state and simultaneously upholding order and accord in our country, this needs to be explained to the people. It cannot happen just like that, by saying so. The individual must be forced to observe the laws and constitution of this country if he goes beyond the bounds of those laws.

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The orchestra should have one conductor. But this does not diminish or denigrate the role of each individual musician. Analysing the experience of recent years [words indistinct]. Analysing the experience of recent years, I think we should adopt this constitution.

We are making the first steps in our new history and it is very important that they should not lead to chaos or a new social stalemate. I express solidarity with the leaders of those countries who believe that the general situation in the world is moving closer to a point when, some time in the future, the whole world will speak only the language of democracy. There is no doubt that we should be moving in this direction.

I am deeply devoted to democracy, and I would like to end this unconventional confession at this high rostrum with the well-known observation that democracy erects insurmountable obstacles for those who take it seriously, and offers boundless opportunities for those who hate it. [passage omitted: more general reflections on the nature of democracy]

The draft constitution provides acceptable solutions to such problems as citizenship and the private ownership of land, which have concerned society.

For the first time the constitution states that land and underground resources can be the property of the state as well as of private owners. In a market economy, land should be subject to purchase and sale, but let us look at the realities. Because our citizens who work on the agricultural land have no money, to set in motion a mass process of buying and selling agricultural lands would be to rob these people and condemn them to be the farmhands for someone else who comes from town and buys up the land. Our society is not yet ready for the general introduction of private ownership of land. [passage omitted gives examples drawn from other countries]

Our society and its governing structures and economic management bodies have not reached this kind of modern realization or understanding of the problem. We are thus risking squandering our most important wealth, which belongs not only to us but also to our children, the future citizens of the country.

For this reason the constitution is following the principle that more haste makes less speed. It allows for these matters to be resolved at a later date. For the moment it provides for the possibility of land being under private ownership, on the conditions and terms and within the limits of a complex law which will be adopted later. On the basis of this provision, private ownership of garden allotments and private land plots, as well as private ownership of land needed for enterprises' technical operations, will be introduced.

Ownership by enterprise will open up opportunities for domestic and foreign investors to boldly set about building their own enterprises here. The right of ownership of production territory will protect them from arbitrary behavior by local authorities and from all kinds of extortion.

I would like to note that the issue of private ownership of land is being unnecessarily politicized here. After all, a long-term, 99-year lease on land with the right of inheritance already exists. What is there about this that we do not like? In practice it is almost as good as full private ownership. This right only needs to be formalized so that the lease-provider cannot arbitrarily shorten the period of the lease, retract the lease, or lay whatever claims he likes. That is what we have to do.

As far as citizenship is concerned, the constitution stipulates sole citizenship of Kazakhstan, with no exceptions.

As you know, we have signed and ratified an agreement with Russia on a reciprocal simplified form of granting citizenship. I recently raised the issue of extending these procedures right across the CIS. We are now drafting a convention on simplifying the granting of citizenship, and we will submit it for discussion at the next CIS summit. If we are a commonwealth, people should move freely across its territory, without hindrance; and they should acquire citizenship by a simplified method such as we are doing with Russia.

In a society infected with mutual suspicion only a single Kazakhstan citizenship will create certainty and eliminate the disparities in awareness between our people and citizens. There will be no first- or second-class people. As we know, falling between two stools has never been a productive or respected kind of activity. As the main principles of the constitution say, we must ensure that citizens of Kazakhstan enjoy a position of primacy with regard to all others.

I can tell you frankly that finding the right position on language was hardest of all. We looked at all kinds of options. After balancing everyone's views and conducting lengthy debates we came to the conclusion that the Kazakh language would remain the state language, while adding an important provision to the constitution which states that the Russian language has official recognition equally with the state language in state bodies and local government. I consider this the best solution to the problem today. Furthermore, a special provision has been incorporated banning assaults on citizens' rights for failing to know one language or another. The state will rigorously monitor adherence to this article.

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Let me say right off that proposals were made to introduce two state languages. We were asked why we should put this to a referendum separately from the constitution. When they held a few referendums in the 19 regions, and thus [words indistinct], and dividing society into two sections, I cannot do it and I do not advise anyone else to. That was made clear and apparent from the surveys we conducted.

This issue of introducing two state languages was discussed comprehensively. Public opinion among different sections of the population was studied. In consequence the prevailing view was that this would not be advisable, for many reasons. One important argument is the fact that if that happened, it would become compulsory for all citizens to acquire both languages immediately. You will understand that this is not only not feasible right now, but would also be fraught with the danger of tension and conflict arising on this basis. I do not think we need that.

After all, the Kazakh state language is needed above all so that the Kazakhs themselves should acquire it. Because of the deliberately low demand for the language in the past, quite a lot of Kazakhs either barely know their own language badly do not know it at all. This is not their fault. Again, the introduction of a second state language [Russian] would simply perpetuate the Kazakh language's position of de facto inequality, and this would be an historic crime against the Kazakhs, and would also demonstrate that we were incapable of overcoming the consequences of the old imperial policy.

We cannot avoid recognizing another important point: not to maintain Kazakh as the state language, as some people have proposed, would place the Kazakhs in a position of inferiority not only to their neighbors in Central Asia, but also the other CIS countries that have state languages. It would become a permanent destabilizing factor, which might be used by nationalist groups. Even in the Soviet period Kazakh was the state language.

It needs to be understood that the issue of reviving Kazakh would have arisen even if Kazakhstan had not been a sovereign state. No one would have tolerated a situation where a thriving people whose numbers ran into many millions, who had a culture of their own, and who ranked 80th among the world's 1,113 peoples and ethnic groups would be calmly and quite openly deprived of their own language in their own historical country, or that they should be dissolved into another ethnos. Yet that was essentially the immoral process that took place across the former Soviet Union, and that affected every people, not just the Kazakhs.

As far as the Russian language is concerned, its position today is stable and will be upheld as such by the constitution, since it is officially laid down that Russian is now used on an equal footing with the state language in public life. In other words, there continues to be a need for a knowledge of Russian and an education through Russian; equality with other certificates and diploma. That can and must remove the concerns of our Russian-nationality citizens about their own future and that of their children and grandchildren.

I openly tell those who are against giving Russian a specific status, and there were such people, that its status as official language will ensure equal rights for the country's Russian-speaking citizens. And not just that; it is also respect for the language through which we get the information we need for knowledge and development. [passage omitted on positive aspects of knowing Russian]

The whole issue is that certain changes have now happened to what was once the absolute ethnic (?complacency) and all-embracing monopoly of Russian. But that is the reality. People have to get used to everything, and that takes time. The law must give everyone that time. Everyone must grasp and take in the idea that the status of Kazakh as state language does not not mean that the application of Russian is draining away; it is rather an attempt to prevent the Kazakh language from disappearing and to raise it to the position that Russian has in Kazakhstan. [passage omitted saying Russian language is not under threat]

Now, about the rights and freedoms described in a new way in the draft constitution and the standards set for them. They close off the possibility that the authorities are able to wield an iron grip in a velvet glove. For the first time a section of the constitution includes standards linked to the rights not only of citizens but of the individual. It contains firm constitutional barriers in the way of arbitrary restriction on human and civic rights and freedoms. Instead of the numerous rights and freedoms which were artificially invented and boundless in their socialist content, the renewed section of the constitution stipulates that which is really necessary for everyday life and its practical implementation.

What we are talking about is the right of everyone to defend their rights and freedoms by means which do not contravene the law, including necessary protection, defense in court, equality for everyone before the law and the courts, the prevention of censorship, discrimination against rights for any reason, and other standards.

The draft includes additional constitutional rights which constitute the classic elements of personal freedom for

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the individual and citizen: personal freedom and inviolability; personal and family secrecy; the right to defend one's dignity and good name; the right to keep one's deposits and savings secret; secrecy of correspondence, telephone, post, telegraph, and other communications; the right to choose one's ethnic identity — to decide whether to state one's ethnic identity or not — I think this is for the first time; the right to use one's mother language and culture; the right to freely choose a language for interpersonal communication, upbringing, education and creative work.

I should note that the draft not only gives every citizen free range to exercise their rights and freedoms, but also imposes certain constitutional restrictions — but only to the extent that this is necessary to defend the constitutional system, maintain public order, protect the population's health, and preserve morality. Particular stress is placed on the fact that any action which might upset inter-ethnic accord in our country is regarded as an unconstitutional act. I think this is right.

With regard to citizens' associations, it is prohibited to set up or operate associations whose aims or activity are aimed at changing the constitutional system, undermining our state's territorial integrity or its security, or stirring up social, racial, ethnic, or tribal strife. It is also prohibited to set up paramilitary or other formations not envisaged by legislation. I would like to emphasize that such restrictions exist in many countries which are widely regarded as models of democracy. We have invented nothing new here. The constitutional standards concerning rights and freedoms, as well as the restrictions on these, are entirely provided for in the constitutions of countries such as France, Germany, Italy, and so on.

As we reviewed the constitutional obligations of citizens, we adopted the view that a large body of such obligations is no guarantee that they will be fulfilled. Rather the reverse, in fact. An overabundance of impracticable requirements gives rise to a skeptical reaction, so the list of civic obligations has been renewed only in part, to include the care and preservation of history and culture, and a caring attitude to nature, natural resources, and the environment. I think that this is right.

The constitutional proposals concerning parliament have undergone the most radical change. Our previous attempts to reform it, with reference to world experience, proved to be half measures. In our social circumstances, we have become quite familiar with the defects of a single-chamber parliamentary system. The single-chamber parliament, united on the basis of corporate interest, became caught up in politics and open populism instead of fulfilling its immediate legislative role. Clashes with the executive authorities, either with or without good reason, became the norm for many deputies as a kind of sign of their valor, honor, and heroism. There were many examples of this. As a result, a permanent and largely artificial confrontation grew up between the legislative and executive branches of power. It became necessary to seek compromise and yield to pressure from the most ambitious deputies for the sake of maintaining stability in society. Just tell ordinary people how much time I had to spend over these four years on each deputy who had nothing whatsoever to do with the management of the state. I had to sit and receive deputies at leisure. And sitting here in this hall I am indeed (?ashamed) as president. I hope that at the next elections people will be more careful whom they send as delegates to make [word indistinct] decisions for their benefit, for the benefit of the state.

In a presidential republic the parliament is a purely legislative body. It has clearly defined competences, involves itself in the real concerns of people, protects their interests, and passes democratic laws that are clear to everyone.

That is why we have opted for the path of creating a bicameral parliament, which has been tried and tested by many countries. Initially this idea was rejected by the former deputies. Today there is a proposal to create a parliament that is compact in numbers, because we are not that rich. If we look at the number of deputies per 100,000 people we can see that we have elected the largest number of deputies in Kazakhstan, given our poverty.

The parliament will work in a balanced and productive manner on legislation alone. In order to prevent parliament from putting the old artificial pressure on other branches of power, its field of legislative activities is exhaustively delineated by the constitution. Every branch of power is given its own niche, which neither of the others can fill.

First, it must be called by a word that is clear to everyone, Parliament [parlament], otherwise we will start inventing a National Assembly and then work out how to translate this into Kazakh, and from Kazakh into Russian. Given that you have agreed there is a president [prezident] and prime minister [premyer ministr], which are not Russian or Kazakh words, but Latin, let us do the civilized thing here, too, and call it Parliament, without translating it. The upper house is called Senate — again, not a Russian or Kazakh word — as in the rest of the world. The Senate is elected indirectly by all the regional level councils [maslikhat] — two people from each region and from the capital. So we will

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be involving the local councils in power because at the moment they seem rather left out. They will meet and then delegate two senators from the region, but do not think that the senators are subordinate to you the council. The constitution says there is no (?nonparty) mandate. A senator serves only the people and the constituency in which he is elected.

The lower chamber is directly elected and consists of 55 deputies. It too will be called Mazhlis, without translation. There were proposals to call it the Kurultay or the Hural, but Mazhlis is a pure Kazakh word which is easily pronounced and clear to everyone.

The appointment of seven deputies by the president to the Senate will probably raise some eyebrows. This practice is fairly normal for countries in Asia and Latin America. Do you think I am trying to turn the presidential office into a legislative body? I think it is time to lift all of these suspicions off of me. Enough time has passed to see what kind of person I am. This practice exists in many countries. It is one of the tools for bolstering the professional and perhaps also ethnic composition of deputies under our multi-ethnic conditions.

Let us not create illusions. The process of setting up effective work of the corpus of deputies will be a prolonged task, and it is entirely apposit to constantly replenish it with dynamic and competent people whose minds are turned towards the affairs of state. In any case, seven people out of the 47 [figure as heard] will not resolve or decide things when it comes to a vote in Senate, but it is necessary, after consulting with you, the Assembly, in a case where there is no representative of a particular nation. However, the most important thing is that there are professionals who know about law and reform economics.

I would like to draw your attention to more two important points. First, the constitutional mechanism for the bicameral parliament to work is set up so that joint sittings of the chambers will be fairly rare, while all of the main painstaking legislative work will be conducted directly in the two chambers. Second, the constitutional status of deputies has been considerably changed, given our negative experience. The deputy is given the position of being a true servant of the people and does not feel that he is a special person. He must be truly answerable for his work. If he falls down on the job or neglects his duties, he can be subject to sanctions and punishment by the parliamentary chambers themselves. The old paternalism that used to apply to those whose term has expired is ruled out. No one will guarantee them their old positions. Life is different now. By the way, this is accepted in all civilized countries. They do not understand it when we tell them that our deputies get two years' grace after leaving their post so that they retain everything [not further identified].

But this is a professional parliament, and the people who join it must intend to make it their only work for a long time. They are to remain (?unsullied) even if they walk in the gardens of sin.

There is another provision: Each body cannot set its own salaries — taking this money from the budget, probably. The president awards his own salary, the government its own, the deputies their own, and the judges their own. Are we a state or not? So a unified approach must be produced for all budget-funded organizations, even the supreme authority; it must be proposed by the government and approved by the president. I will not go into what has gone on here.

In addition, as a counterweight to the mechanism whereby the term of the head of state can be ended ahead of time, a basic procedure has been formulated for parliament's powers to be terminated ahead of time. This has been done correctly, without detriment to parliament, in order to save the country the bother of elections.

The status of the government has been renovated. The absence of a constitutional law on the Cabinet of Ministers has engendered many problems for its practical work and for the mechanism of its interaction with president, parliament, and the local bodies. There is thus an entirely justifiable need to place everything on a clear constitutional basis. The new constitution clearly defines the niche the government should occupy within the system of supreme state bodies. It should remove the dualism whereby when the government was effectively servant to two masters, and where its members were always having to look to the president or to parliament. Moreover, groups of deputies would come and say: If you do not do this we will raise it in parliament. And the poor old minister would be wandering about not knowing whom to obey. There must be an end to this.

In contrast to the current [1993] constitution, the new one clearly formulates the main functions of the government. The prime minister's authorities are extended in view of the president's new status. He decides the main areas for the government's activity and the personal accountability for its results.

A very serious mechanism of checks and balances is being introduced into the relationship between parliament and government. First, the president appoints the prime minister with parliament's consent. The French president appoints the prime minister himself, without any consent. But they have a multi-party system there;

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I have taken that into account. In the future, parliamentary consent will give him the opportunity to take the opinion of the parties which won the parliamentary elections into account, including in the presidential appointment of members of the government. Second, the Cabinet of Ministers obtains an opportunity to exert an active influence on the passage of its bills through parliament and to block the adoption of those which, for example, are too expensive for the country. Parliament holds the control levers for the government's activities and has the right to express its lack of confidence in the government as a whole or in any of its members, who will then be obliged to submit their resignations to the president.

Finally, the constitutional status of members of the government have been defined for the first time, as have the grounds and procedure for making them accountable.

Judicial power: I can tell you that the provisions laid down by the constitution for reform of the judicial system were accompanied by the greatest discussions, difficulties and polarity of opinions. All in all, this reform affects people's jobs, their posts and all that.

However, we have this one chance to reform the system in a real way. I would say to all judges and heads that no one is planning to get rid of you, but do not stand in the way of our reforms by playing games behind the scenes, which I can see quite clearly.

In no other section of the constitution was it so clear and obvious that it is in man's nature to oppose everything new. However, everyone understood that there would never again be such an historic chance to produce a radical change for the better in the way the judicial process and the principles behind it operate. We must not miss this chance.

The draft provides for the formation of the Supreme Court as the supreme judicial body of the state for civil, criminal, administrative, and other cases which fall under the courts' jurisdiction; and as a body which oversees the operation of the courts in the manner stipulated by legal procedures. It is invested with the right to issue binding rulings on matters of legal practice.

We were prompted to take this step by analyzing the experience of arranging judicial power abroad. It was not in haste that we came to the conclusion the unification of the courts is entirely realistic and neither threatens to disturb stability nor puts their job on the line, as people now say. In other words, the Supreme Court and the Court of Arbitration.... [Nazarbayev pauses] The Court of Arbitration will be a chamber of the Supreme Court. There is no need for us to have different judges in every sphere of activity. The administrative apparatus will remain the same, and the work will be out carried in the same way.

The constitution fundamentally changes the procedure for creating the judicial system as a whole. Here we are primarily talking both about the principles for electing the senior tiers of the judicial system, which will be done by parliament on the president's proposal; and about the appointment of all senior subordinate judges by the head of state. That way it will cease to be the practice that a judge is not answerable to anyone for his activity. An opportunity will thus be created for checks to be made on those who are about to put on the judge's gown to issue rulings in the name of the state.

First, each judge will have to go through a system of appraisal by an independent Judicial Qualification Board. The appointment of judges will the actively involve two absolutely new bodies: the Supreme Judicial Council and the Judicial Qualification Board of Justice, to which the chambers of parliament will delegate representatives. This will make the process of granting judicial powers not some kind of secret deal, but a transparent democratic process which leaves no room for any kind of manipulation.

At the same time the constitution underlines the permanent nature of judges' work. The independence of judges is protected by the law.

The draft preserves the independent institution of judicial protection of the constitution in the shape of the Constitutional Court. However, in the past it sometimes displayed a desire to assume certain political functions, to the detriment of its legal ones. This showed the overall imperfect legal status of this body. There were not even [words indistinct] sanctions. One cannot have a situation where a group of people in the state decide everything, and no one can even say anything against it. Therefore, I think we need to think about it together.

I would like to deal separately with the regulations on the prosecutor's office. The starting point in our approach to this judicial body was that it is necessary to guarantee and strengthen a single legal practice for effective prevention of offences in order to ensure that the reform processes taking place in society are successful. The constitution therefore explains the functions of the prosecutor's office very clearly; it expands them in the area of supervisory activity; it confirms that the prosecution service executes its powers independently of state bodies and officials. The constitution introduces the concept that the prosecution service is accountable only to the country's president, who is guarantor of the obser-

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vance of the constitution, rights and liberties of people and citizens.

The draft does not provide for the prosecutor's office to have the function of pursuing criminal cases [ugolovnoye presledovaniye]. That is what we argued about. The pursuit of criminal cases, in other words the investigation, must be conducted by a separate body, as is written in the constitution, which we will establish in future. A prosecution service which pursues itself investigations and then acts as defender, will of course want to carry its investigation to its conclusion, by any means. That was how it always was in the Soviet Union, from the time of Vyshinskiy [Soviet chief prosecutor in 1930s show trials] until today. So we need to sort this out.

The draft thus makes no provision for the prosecutor's office to have the function of pursuing criminal cases. There are arguments in favor of this decision. The prosecutor's office itself is currently involved in instituting criminal proceedings, carrying out an investigation and confirming the charges in court in these cases, and this is, of course, not normal. However, I do also have certain doubts about this myself. It would be interesting to see what your opinion is, especially that of the legal specialists. [passage omitted on local self-government]

And now, how are we to adopt this constitution? Everyone knows that the basic law which is currently in operation was passed by parliament, the Supreme Council [first constitution of independent Kazakhstan adopted January 1993]. As I have already said, just over two years ago we had to make a certain compromise with the deputies in order to maintain calm and public accord. However, time has shown that the price for this compromise was too high.

As a result, we are now on the threshold of an all-embracing constitutional reform, and we recognize that what is involved is perhaps the most important political event of the year for our countries. It is hard to overestimate the consequences of this event.

I have reached the unambiguous conclusion that we have only one choice as regards adopting the new constitution: to go to the people and seek the expression of their will.

Submitting the draft constitution to a referendum will be an entirely legitimate solution, for it is the people who are the sole source of state authority and the bearers of sovereignty. Let the citizens themselves decide at the referendum what kind of constitution they want for Kazakhstan. Only then will it be truly national. Only then will it be possible to say that our new constitution is the rules of behaviour for [word indistinct] which have been approved by society.

Adopting the new constitution at a referendum will make all the people of Kazakhstan participants in a most important political decision, in which they will be not detached observers, but rather personally responsible and concerned about ensuring adherence to and unwavering fulfillment of the provisions in the country's basic law. A nationwide ballot will rule out all limitations, influence of special interest groups, or hullabaloo, which are inevitable. We will get a parliament through constitutional reform. Experience in the rest of the world, which everyone likes to refer to, tells us that adopting a constitution by referendum is the most democratic and widespread form.

I have no doubt that adopting Kazakhstan's new constitution by referendum is the only right and the only possible path. Our country has stepped finally and irrevocably onto the road along which all of mankind is going. I hope the new constitution will promote an expansion in public accord, and finally set down in stone the Kazakhstan people's resolve to make their own special contribution to the development of human civilization.

I am certain that by creating our country's first constitution and laws, and working tirelessly for this and future generations, we will deserve the gratitude of our descendants to whom we will leave a prosperous Kazakhstan as our legacy.

Dear participants in the Assembly, what are the principal features of the new constitution? It has been created as an integrated, well-proportioned document which is in the strategic interests of our young multi-ethnic state. Many of the provisions in the draft constitution are designed to give society the right guidelines at this complex, difficult time. However, it also contains eternal, fundamental values and criteria for a democratic, law-governed state.

Of course, this does not rule out new generations, new people coming along with a new understanding of the world, that new circumstances will arise and that new laws will appear and existing ones change on this basis.

In conclusion, I would like to share with you a few conclusions I consider it very important to tell you.

First, a state which undertakes reform must pass through the transitional period under conditions of civil peace and political stability. That is what the constitution must serve. In cases where this rule is not observed, the transitory condition in which society finds itself is dragged out for [word indistinct] decades, and then

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people become concerned with essential matters of survival rather than with reform.

Second, when we speak about the immense significance which maintaining inter-ethnic tolerance has for public accord, we cannot allow a situation where people become hostage to a sense of social resentment or enmity. That may have consequences that are much worse. The role of parties and movements is important here; it is their job to avert the growth of social conflict.

Third, the formation of a middle class must take place only on the basis of honest labor, talent, morality, and decent behavior. Only thus will it acquire the moral right to become the social base for the reforms that are pursued.

Fourth, everyone must realize that the main source of our success is not just our natural resources, but also the political situation; not foreign loans, not alien models of reform, but pragmatic reliance on our own, Kazakhstan's strengths.

Fifth, Kazakhstan needs to create a democracy that is not identified with one individual [nepersonifitsirovannaya demokratiya], a democracy that is founded on a stable political system, a real multi-party system, freedom of the press and the media, and observance of human and civil rights.

I shall end here, and thank you very much for being so patient for so long. I call on you to hold a consultative debate on the draft constitution.

At the same time I would ask members of the Assembly to support my intention to submit the draft constitution to a republicwide referendum, and as ever, to support this at local level. It is an important event for our country. After it has been discussed nationally in July, we will submit it to national discussion [as heard].

Thank you for your attention. [applause] [passage omitted on more concluding remarks]

Karaganda Coal Miners Continue Protests

954F2654A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 27 Jun 95 p 1

[Report by Vera Galaktionova: "'Due to the Lack of Means of Existence'"]

[FBIS Translated Text] Spontaneous protest actions by Karaganda coal basin miners are continuing, driven by the critical situation at the mines. Unsubsidized underground coal mining; the debts "earned" by the miners with the "help" of the government under the policy of fixed coal prices, when the sector was for a long time put in an unequal position with others; high tax rates; maintaining the infrastructure of cities and settlements at the expense of the exhausted coal industry—these are the reasons that prompted the self-disintegration of the basin.

So far coal-mining Karaganda is rioting in a disorganized and unsanctioned manner, demanding payment of salaries—in some places in arrears since December.

June was marked by hunger strikes underground "due to the lack of means of existence": nine miners at the Shakhtinskaya mine, 14 at Dolinskaya, and 15 at Tentekskaya.

Strike moods among labor collectives, which flare up spontaneously, are being channeled by the mines' leadership into a different venue: Everyone refusing to descend into the mine is offered leave without pay until better times. Miners accept these terms in the hopes of earning something on the side. As a result, since 9 June work has practically been suspended at the Imeni Bayzhanova and Kirovskaya mines, and seriously curtailed at many others, to the point of canceling entire shifts.

The price of unsanctioned rallies proved quite high. The case of organizing such a rally at the initiative of Tentekskaya mine workers was considered by the Shakhty city court. The organizers were charged under the administrative code for demanding improvement of social conditions and payment of earned wages in front of the city administration building in violation of the code on the conduct of rallies. Against people driven by hunger onto the city square, the court levied a fine in the amount of six times the minimum wage.

The miners' refusal to come out of the mines is one of the few forms of miners protests they can afford. Although some "refuseniks" explain the reason for such action exceedingly simply: "When I come home from work it just kills me to see my family eating soup made of water and greens, without any potatoes or fat in it." Several days of refusing to come up to the surface were registered in June at the Molodezhnaya, Kazakhstanskaya, Dolinskaya, and Tentekskaya mines. The number of "refuseniks" at these mines fluctuated from three to 22 persons. In addition, there were isolated incidents of one or more persons remaining at a depth of several hundred meters for 24 hours. Actions of this kind stopped when the mine management found a way to issue at least a small part of the money—1,000 to 1,500 tenge. This was also the way the hunger strike of 15 installers, which began last week in Kazakhstanskaya mine, ended. One of the strikers announced that in the event wages dating back to November are not issued, he would commit suicide.

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The rumor that has been circulating throughout the oblast over the past few days, that in the city of Shakhtinsk a miner's family of four allegedly committed suicide, with the parents first hanging the two children, turned out to be false. This information, received by a KAZAKHSTANSKAYA PRAVDA bureau on 22 June, was checked out the same day through appropriate channels.

What is known for a fact is that over the past year more than 40,000 persons have moved out of Karaganda. This year the migration flow is increasing substantially, as evidenced by a sharp drop in apartment prices. In the mining city of Saran, for instance, in the RTI [industrial rubber items] plant area, one can buy an apartment these days for 1,000 tenge, and sometimes even for a bottle of vodka.

Karaganda Enterprise Scandal Continues

954F2658A Almaty KARAVAN-BLITS in Russian No. 97, 27 Jun 95 p 1

[Article by Sergey Tunik: "New Contract, New Questions—Continued Coverage of the Karmet Scandal"]

[FBIS Translated Text] Almaty—Independent experts have concluded their analysis of the contract between the Kazakhstan State Committee for Management of State Property [GKI] and the Eisenberg group of companies for management of the Karaganda Metallurgy Enterprise [Karmet]. From all appearances, GKI chief Sarybay Kalmurzayev, who managed to warn the president of the republic before suddenly taking leave that this contract threatens serious losses for the country, was right.

If one carefully reads the text of the contract, he need not be a legal genius to see that either someone in the government very much wanted this particular group to manage Karmet, or specialists did not delve into the contract.

The experts noted a great many ambiguities in the contract, chiefly the ability on the part of the managing company to manipulate the government and finances at its discretion. In particular, the very first point of the first article fails to determine the amount of funds of the total volume of enterprise financing the government was insisting upon in the dispute with Fest-Alpina Kazakhstan.

This contract also presumes a two-and-a-half year deferral of payments on enterprise debts.

There is something curious about the points envisaging "the rendering of assistance in implementing the delivery schedule....of basic materials, raw materials, and components" (why not proper responsibility for ensuring deliveries, if the company is to wield directive authority?—Auth.) and deferral of value-added tax payment for two years (the tax legislation of our republic does not provide for such a tax benefit).

Point 3.1.1 of the third article states the general presumption that the work results of the managing company in no way depend on the effectiveness of Karmet operations. In this regard, however, the managing company expects to receive $12 million a year for its work during the first two years. The next point stipulates the ability of the managing firm to obtain income of up to $10 million annually, even if Karmet is operating at a loss! Here the contract provisions are drawn up in such a way that the government cannot refuse a project disadvantageous to it.

But the strictest and strangest points from a legal point of view are contained in Articles 5 and 7. It follows from these that the state will have difficulty controlling the activity of the managing firm—which has stipulated confidentiality of its activity, and more importantly—that the group of companies disavows all responsibility with respect to paying off Karmet's creditor and other debts. Moreover, the contract removes responsibility from the managing company for the activity of its constituent firms. And in the event a firm withdraws from the group or becomes bankrupt, the government will be unable to collect debts from it.

This contract will stir up a great deal more controversy, insofar as it involves the largest enterprise of the republic, the flagship of its industry. Only one thing is surprising—why did the highest state officials make such obvious mistakes in a seemingly problem-free area?

Let me also add a curious comment made to me by Deputy Minister of Industry Murat Murtazayev during a recent conversation:

"I, for example, believe that if you have reached an agreement, if the firm is reliable, then let it manage. You cannot say "maybe" today and "impossible"—tomorrow. People see everything and they understand everything...."

Tajikistan

Prime Minister on Main Line of Economic Reform

LD3006163795 Dushanbe Radio Tajikistan Network in Tajik 0825 GMT 29 Jun 95

[FBIS Translated Excerpt] Dear compatriots! A consultative meeting was held yesterday of the interdepartmental council on preparing the draft program for the

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transformation of the economy of the Republic of Tajikistan in 1995-1999, and submitting it to the public for consideration. The president of the republic also participated. [passage omitted] Prime Minister Jamshed Karimov then expressed his views on the draft as follows:

[Begin Karimov recording] It is possible today to confirm that the edict by the President Emomali Sharipovich Rakhmanov, on accelerating the economic reforms, has created a normal economic system in the center. Consequently this allows a complex of measures to be developed to extricate our republic's economy from the crisis. [passage omitted]

The main idea of the program is the state revitalizing the management of the economy — something we have lost to some extent — that could, at the same time, ensure the separation of power and property. The separation of power and property will weed out the roots of corruption, which unfortunately does exist, and at the same time, we need to reinforce management by the state [word indistinct] separating it from the management of the operational activity of enterprises. [passage omitted]

We are talking about the creation of a system of state regulation of market relations. The basis for this system is finance. That is why the program identified measures to strengthen budget and tax policy and even to make it more rigorous. [passage omitted]

Reforms in the state sector of the economy cover all areas. At the same time, we think priority should be given to reforms in the agro-industrial sphere. First, most of the country's population are concentrated in this area. Second, the inhabitants of Tajikistan spend their wages and savings mainly on purchasing food. That is why we must give priority to financing the agro-industrial complex. Let peasants become rich, then they will be able to buy equipment and consumer durables, and this in turn will bring development to industry and other sectors of the economy.

However, financial credit is useless in the current system with the nonfinancing of agriculture. All the previous experience of our development is proof of this. Measures must be taken to reform property relations in agriculture. We are talking about long-term leasing of land with rights of inheritance, expanding farmstead plots, setting up enterprises processing the agricultural products of farms, freeing purchasing prices, and turning the current state enterprises processing cotton and other agricultural products into joint-stock companies. Those who produce agricultural products should control processing enterprises and the products themselves. We probably have to concentrate intellectual and material resources to achieve this break-through and this main line in the development of our economy, moreover, this can yield returns within a year.

There are three main factors in the reform: First, price liberalization. You know that prices have now been liberalized. Price regulation remains in force only for bread and flour. Here too, it is necessary to (?mention) the future situation, because our neighbors Uzbekistan and Kazakhstan have prices for grain and flour that are four and five times more than in our republic. As you know the laws of economy say that in this case our bread and flour will flow to countries where their price is [word indistinct].

The second direction is liberalization of (?local trade). I should tell the members of the council that the president has signed the edict. That is to say, liberalization of local trade has taken place and only two products, cotton and aluminum, remain under state control. All the rest have been liberalized.

Third, privatization. Unfortunately, here we are behind schedule and we are lagging behind all the former republics of the USSR. After the introduction of the national currency, we have created the prerequisites for privatization. At present the schedule of [word indistinct] is being prepared [words indistinct] so that more or less two-thirds of state property should be privatized by the year 2000. [end recording]

Foreign Ministry Protests 28 Jun Border Clashes

LD3006151295 Dushanbe Radio Tajikistan Network in Tajik 0600 GMT 30 Jun 95

[FBIS Translated Text] A statement by the Ministry of Foreign Affairs of the Republic of Tajikistan:

The leadership of the Republic of Tajikistan, in close cooperation with the United Nations, is making every effort to eliminate inter-Tajik conflict, to achieve national reconciliation, and to stop senseless bloodshed. The president of the Republic of Tajikistan, Emomali Rakhmanov, held negotiations with Sayed Abdullo Nuri, head of the Islamic Revival Party of Tajikistan. The fourth round of inter-Tajik talks ended in Almaty. The terms of the agreement on a temporary cease-fire and an end to other hostile acts on the Tajik-Afghan border and within the country was extended. Preparations for further inter-Tajik talks were arranged.

However, despite these measures, the forces of the irreconcilable Tajik opposition are complicating the situation on the Tajik-Afghan border.

On 28 June 1995, at 0845 Dushanbe time, a border guard detachment of the 1st Ishkashim Border Unit

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identified a group, consisting of 22 people, in the village of (Andak) on the territory of the Islamic State of Afghanistan, whose aim was to cross the border of the Republic of Tajikistan. The group of militants had a consignment of weapons with them. The militants, while crossing the river, and without paying attention to the border guards' warnings, opened fire on them. The border guards returned fire and prevented a breach of the state border. When the Khorog reserve detachment [of the border guard] came up to the scene of the clash, the rebels opened fire from the village of (Zich) in Afghanistan.

The Republic of Tajikistan regards this act as a gross violation of obligations under the agreement on a temporary cease-fire and ending other acts of hostility on the Tajik-Afghan border and within the country, and a clear intention by certain Tajik opposition circles to bring the inter-Tajik talks to deadlock.

The Ministry of Foreign Affairs of the Republic of Tajikistan is fully empowered to make a resolute protest to the official rulers of the Islamic State of Afghanistan against the illegal activities of Tajik opposition rebels on the territory of the Islamic State of Afghanistan, which is still being used for military operations and violations of the border of a sovereign state.

The Republic of Tajikistan, in paying great importance to achieving national reconciliation and securing peace and accord in Tajikistan, expresses confidence that the inter-Tajik conflict will be settled by political means, and calls on the heads of the Tajik opposition to stop provocations on the state border, to insure the obligatory implementation of the temporary cease-fire agreement, and to create conditions for the continuation of the negotiating process in Tajikistan.

Russian Colonel Said 'Agent' of Opposition

MM3006191795 Moscow PRAVDA in Russian 1 Jul 95 p 1

[Report by Alisher Niyazov: "Terrorism Without Borders. Killers Sent Out by Colonel. 'Ringleader' of Local Gunmen Arrested in Dushanbe"]

[FBIS Translated Text] The Tajik police are seriously irritated by the recent statement made by the command of the Tajikistan peacekeeping forces and by articles in PRAVDA in which the country's law enforcement organs have been accused of helplessness in investigating the killings of Russian servicemen. At a press conference held in Dushanbe, Gennadiy Blinov, first deputy internal affairs minister, admitted that things are really not as they should be as regards professionalism in the police at the moment, but straight away went on the offensive. According to him, the Russian servicemen are not observing basic rules of personal safety. By way of an example he cited the latest case of the killing of two officers from the Collective Peacekeeping Forces helicopter unit: "Why did they need to go looking for alcohol and drinking it in the bushes late at night?" Blinov rejected the claim made by the peacekeepers that all of the killers of Russian servicemen are calmly enjoying their freedom. "Of 28 killings of Russian servicemen this year, 10 have already been resolved. Investigations are going on in the remaining cases."

The first deputy minister reported on the Pamir-Dushanbe-commonwealth countries drugs route which is operating not without the assistance of individual Collective Peacekeeping Forces aviation crews, and he immediately corroborated this with a multitude of examples. A sensation was awaiting the journalists as the curtain fell. Blinov informed us that Ministry of Internal Affairs staffers had detained the deputy commander of one of the Russian military units stationed in Dushanbe — Colonel Sharif Sharipov — who is none other than an agent of the opposition sabotage-terrorist underground in the republic! Blinov did not give us any details of the case.

Meanwhile, as your correspondent later found out from a conversation with a high-ranking Minister of Internal Affairs officer, the materials of the investigation that has begun depict the arrested colonel of the Russian Army as virtually the main figure in the network of terrorist groupings on the territory of Dushanbe. According to reports I received, the Tajik capital has been divided up by terrorists into four sectors, and a mobile group of several men is operating in each of these. The underground is well armed and equipped with detailed instructions, bearing the signature of Rizvon Sadirov, former commander in chief of the armed forces of the opposition. They account for 12 killings of public and religious figures, including the sensational shooting of an official border guards' bus from a grenade launcher, as a result of which two women who worked at the military hospital died. And Col. Sharipov, successfully using his official position, was a coordinator and the guiding hand of the terrorists. As my interlocutor told me, Sharipov was so self-confident that he hid one of his collaborators in the billets of the military unit for several months running.

Officials Investigate Abduction of Local Leader

LD3006142395 Moscow INTERFAX in English 1027 GMT 30 Jun 95

[FBIS Transcribed Text] DUSHANBE, June 30 (INTERFAX) — The Tajik prosecutor general, security, interior and defense ministers came to Kurgan-Tyube (southern Tajikistan) today to discover why Deputy

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Chairman of the Khotlon Regional Executive Committee Akobir Odinayev has been taken hostage.

On June 26 servicemen of a Tajik defense ministry unit seized Odinayev in his office in Kurgan-Tyube. According to law enforcement bodies the hostage is now being held where the military unit is stationed, in the outskirts of Kurgan-Tyube.

Tajik Prosecutor General Amirkul Azimov told Interfax in an exclusive interview before leaving for Kurgan-Tyube that "nobody has yet set any term for freeing the hostage or put forward any political or other concrete demands."

Azimov said the situation in Kurgan-Tyube was "complicated but fully controlled." He said the situation had deteriorated not because of political discord or demands.

A source in the Tajik Security Ministry earlier told Interfax that the condition for freeing the hostage was to punish the servicemen of another defense ministry unit charged with killing a Tajik parliamentarian, former field commander of the People's Front, Colonel Izatullo Kuganov in early June. Kuganov earlier commanded a People's Front unit which joined the Defense Ministry after present Tajik President Emomali Rakhmanov came to power. According to the same source, this unit is now holding the hostage.

Armed Opposition Leader Issues Statement

LD0307131295 (Clandestine) Voice of Free Tajikistan in Tajik 0600 GMT 3 Jul 95

[Statement by Sayed Abdullo Nuri, leader of the Islamic Movement of Tajikistan — read by announcer]

[FBIS Translated Excerpt] The Islamic Movement of Tajikistan, which is in union with all forces in opposition to the government of Tajikistan, has first of all taken a serious step in the struggle for the independence of the country and the salvation of the nation from dependence. [passage omitted: on peaceful policy of the opposition; on split in opposition secular Democratic Party of Tajikistan; government-opposition talks in Kabul]

The claim by Shodmon Yusuf [former chairman of the Democratic Party of Tajikistan] that I agreed to the proposals by Emomali Rakhmanov [President of Tajikistan] is false. Also baseless is his claim that the esteemed Turajonzoda [deputy leader of the Islamic Movement of Tajikistan] made an ultimatum.

Shodmon Yusuf wants to do to the Islamic Movement of Tajikistan and its allies what he did to his own party. We trust in the current composition of the negotiating group, which represents the leadership and military commanders of the Islamic Movement of Tajikistan. Their political activity has been and continues to be to the benefit of the nation of Tajikistan.

If Shodmon Yusuf thinks that the way to a solution is in the hands of Rakhmanov and Nuri, let him know that Nuri is also an inseparable part of this union, and works through consultations.

The policy of the Tajik opposition in its political activity is to maintain friendly relations with all countries in the area and world. The positive attitude of [Uzbek President] Karimov to the Tajik opposition has come about as a result of the correct and logical policy of opposition politicians, and not through the other goals that Shodmon Yusuf claimed. His suspicion attitude toward the change in Karimov' policy will cause tension in the area, and will set two Muslim brother-nations against each other.

I think provocation of [word indistinct] passions in the area is nothing other than treason to the nation. We say that the man who provokes [word indistinct] between a Tajik and an Uzbek is the enemy of both. [passage omitted: on economic difficulties of Tajiks]

I advise the politicians of Tajikistan: let us not oppress the soul of the nation any longer. Let us not make the poor people victims of our nonsensical aims. If you must say something, then say something good, or else keep your silence; otherwise your single inopportune and [words indistinct] will draw the lives of millions of innocent people in Movarounnahr into bloodshed.

Regards, Sayed Abdullo Nuri, leader of the Tajik opposition.

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Armenia

Bagratian, Delegation Attend Bucharest Meeting

NC0107193995 Yerevan NOYAN TAPAN in English 1418 GMT 1 Jul 95

[FBIS Transcribed Text] 30/06/95 NOYAN TAPAN — Late on June 29 official delegation of the Armenian Government headed by Prime Minister Hrand Bagratian left for Bucharest to participate in a regular session of Parliamentary Assembly of Black Sea Economic Cooperation [PABSEC], which is held in Bucharest (Romania), governmental sources report.

According to the Armenian TV, Armenian Parliament Chairman Babken Ararktsian also left for Bucharest. For the oncoming six months Armenia is to perform duties of chairman of PABSEC.

A number of countries, in particular, Georgia and Azerbaijan are represented by their Presidents at the Bucharest Assembly. Russian delegation is headed by Vice-Prime Minister Oleg Soskovets.

Defense Minister on Plans To Sell Weapons Abroad

NC0207115095 Yerevan SNARK in English 1534 GMT 1 Jul 95

[FBIS Transcribed Text] Yerevan, JULY 1 (SNARK)— Vazgen Sargisian, Armenian State Minister of Defense, stated at today's press conference in Yerevan that Armenia is likely to sell arms abroad.

According to Sargisian, Armenian optical and rpg-7 [as received] antitank weapons as well as AK-74 submachine guns are rather competitive in the international weapon market. He said that the lot production of AK-74 submachine guns would begin by the end of 1995.

The State Minister expresses his hope that Armenia's industrial-military system is strong enough and in a few years it will be able to cover at least 20-25 percent of the small arms, optical and antitank weapon requirements of the Armenian army.

Central Bank Head Cites Economic Progress

NC0307145095 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 1209 GMT 2 Jul 95

[FBIS Transcribed Text] Yerevan ("LRAGIR" daily), 06/29/95 — "June was an important month since we have finished the process of setting the prices free in our republic. We are operating in a perfectly free market today", Chairman of RA [Republic of Armenia] Central Bank Bagrat Asaturian declared on June 28.

According to Mr. Asaturian, the prices for some goods in the market have dropped after setting free the prices for bread. Based on the information of the Central Bank, which may not agree with data of the State Statistics Department, the prices for imported goods (gasoline-5 percent, tobacco, tea, coffee 5-10 percent) decreased during the last month. The prices for meat have grown-10 percent for beef, 8 percent for pork.

According to the Chairman of Central Bank, a 20-25 percent industrial growth was registered in Armenia during the first 6 months of the year. Inflation was 21.6 percent, which is in average 3.5 percent per month.

Mr. Asaturian said that Armenian national currency dram has also become more stable during the last months. The Central Bank has a reserve of about $64 mln [million] or 25 bln [billion] drams today. This amount has increased with the help of the recent $13 mln stabilization credit.

Communist Party Issues Platform Statement

954F2683A Yerevan RESPUBLIKA ARMENIYA in Russian 29 Jun 95 p 2

["Statement of the Communist Party of Armenia": "We No Longer Have the Right To Err!"]

[FBIS Translated Text] Esteemed Compatriots! Dear Friends! Elections to the National Assembly of the Republic of Armenia will take place on 5 July 1995.

Does it have to be said under what kind of conditions they will be held or, generally, in what kind of situation the Armenian people find themselves? The situation of our people is calamitous, and their state, tragic. The last five years have shown that as a result of the rejection of the socialist path of social development the national wealth created by the strenuous labor of generations has become a subject of embezzlement—all the material and spiritual values created by the people over seven decades are today being dissipated.

Having involuntarily found themselves at the helm of power, the pseudo-democrats, who promised economic and social miracles, have razed to their foundations the once powerful industry of a flourishing republic, a developed agriculture, and spheres of science, literature, and art corresponding to the world level of human development, and the systems of free health care and education and the most affordable mass transit and sphere of municipal services and amenities are on the way to being liquidated. The last remnants of social justice and the social rights of the working people are being destroyed. Unemployment is growing apace, and begging is growing into a particular social phenomenon and becoming a specialty of a particular stratum of society. The conversion of 90 percent of the populace into poor people and their extreme impoverishment and the unchecked enrichment of 10 percent are fraught

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with unpredictable social upheavals. A most tragic consequence of this is the fact that more than one-third of the people have abandoned their motherland. Mass emigration continues, and this in the form of an official program and in cooperation with centers of international capital is being undertaken by our present rulers.

The way out of the current most serious situation is a return to the path of socialist development and the transfer of power to the people in the shape of the soviets. Our deceived and bitterly remorseful people sense this great historical truth. It is with an awareness of this sense of the people that the Communist Party of Armenia is beginning its campaign. To this end it deems it necessary:

IN THE POLITICAL SPHERE

In the newly elected National Assembly to resume the process of adoption of the Constitution of the Republic of Armenia, which would be geared to assurance of the representation of the working people in all organs of power and at all levels of government, the restoration of social equality and justice, a guarantee of rights and liberties of the individual, and the creation of the practical and legal soil for the freedom of speech, worship, the press, referendums, and assembly.

To adopt a law on the recall of deputies of the National Assembly and on their accountability to their constituents in compulsory form.

To strength Armenia's defense capability, enhance the fighting ability of the national army, and intensify the military and patriotic education of the youth.

To commence a wide-ranging planned fight against organized crime, all types of offenses, and terrorist activity and to ensure at the state level guarantees of defense of the honor, dignity, and life of each citizen of the republic. To establish with the Russian Federation the closest economic, financial, political, and military relations with preservation of the status of equal subject of international law and to ensure on a voluntary basis the Republic of Armenia's active participation in the process of formation of a New Union of independent states.

To officially recognize the Nagorno-Karabakh Republic, proclaimed on the basis of nations' right to self-determination, and to render all-around assistance in the formation of its independent statehood, having secured peace in the region.

IN THE SOCIOECONOMIC SPHERE

On the basis of the prevalence of public ownership to provide for the development of a diversified economy with a social focus. To terminate to this end privatization in the spheres of the economy and construction and to reestablish state control and to secure legislatively the rights of the work force in relation to public property.

To establish a government monopoly on commodities of strategic significance, on foreign trade in raw material and most important food commodities included.

By way of the gradual restoration and pursuit of a special tax policy to restore the economic and social gains of the working people (guaranteed stable state prices of the most important types of goods and foodstuffs, affordable means of conveyance, and municipal-general and other social services).

The Communist Party of Armenia is paying particular attention to the problem of land that has already been privatized.

To adopt a law on land, according to which the land, as public property, would be transferred indefinitely to individual and collective farms on a lease or inheritance basis. To prohibit by law the purchase and sale of land and to secure the existence of all parallel forms of title to the land. The peasant himself must decide for precisely which form of management he will opt, and any coercion or pressure on his intentions in this respect shall be subject to criminal liability.

The Communist Party of Armenia undertakes to restore as soon as possible all the social rights and safeguards of the working people which affect full employment and the elimination of unemployment, questions of health care, a well-earned old age, mother and child and the students and youth, and other vitally important questions. Science, culture, art, and the sphere of spiritual activity generally would once again enjoy the broadest state sponsorship.

Dear comrades, the election atmosphere is extremely fraught. Flouting all laws and legality in general, the present rulers have announced through the president of the Republic of Armenia that, regardless of what the people say on 5 July, they are already elected (by 90 percent of the vote), and every conceivable violation, act of lawlessness, provocation, and terrorist act are being perpetrated to this end—in order to subject us to mass hypnosis and once again bring us down to the level of a blind mob.

But they are powerless before the fury of our people—the Armenian people—who have been brought to the brink of destruction. The cup of our patience is running over, the knife has struck bone. No to the AOD! No to the dictatorial-presidential "constitution"!

All to the polls, comrades!

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Motherland, Labor, Socialism and the fraternal alliance of peoples and nations!

[Signed] Sergey Badalyan, first secretary of the Communist Party of Armenia Central Committee

Chairman on National State Party's Views

954F2682A Yerevan GOLOS ARMENII in Russian 29 Jun 95 p 2

[Article prepared by M. Grigoryan under the "GOLOS ARMENII Questionnaire" rubric: "The Final Goal Is a National State"]

[FBIS Translated Text] We continue to publish the answers of the leaders of parties, organizations, and associations participating in the elections. Today, Samvel Shaginyan, chairman of the National State party, has the floor.

GOLOS ARMENII Questionnaire.

1. Your main complaints against today's authorities?

2. What are the main ways in which your party's (bloc's) program differs from the others?

3. What do you promise, and what can you not promise, to the voters?

1. The activity of the authorities today cannot be assessed entirely negatively, just as one cannot just look for the positive elements. I would believe that the authorities were on the right path only in the event that the organization of the economy first of all made it possible for profitable enterprises to operate at full capacity, and second of all, that it contained a long-term program of development for small enterprises. But the main thing is that there is no program that would clearly show the inevitable transition of the country from existing on all possible alms to a truly creative economic stage. Otherwise, the people could simply lose the capacity for work, and I can imagine no greater danger for our people.

2. It differs from the others in a great deal, starting with the party rules, which are more than democratic. We aspire to the kind of activity that would resemble a small model of the nation. In point of fact, I do not know any other party that bases its policy on a purely national, progressive way of thinking. After all, "national" is not simply a word; it is a system, which, owing precisely to its orderliness, has existed for more than 3,000 years. It is difficult to imagine a better source for the creation of any structure. We are talking about a model that has existed since long- ago times, and our party strives to create just such a state that would embody all of the elements of this model. If we are able to achieve our goal, we will have a state and a nation with almost identical parameters, and this will be, probably, a state with the greatest accord.

Hence the name of the party, for the creation of a national state is our final goal.

3. The party has existed for a little less than a year, and in that period, it has been mainly organizational questions that have been resolved, although we have been able to move out of the framework of that process alone. After the elections—regardless of their outcome—we intend to expand our activity, engaging mainly in internal party building, and also to give flesh and blood to our ideology. As of yet, this ideology is not able to captivate a mass of people, but at the same time, it is more substantial than the ideology of some parties that have been in existence for significantly longer. And precisely because it is ideology that is at the foundation of the party, and not at all a striving after power, it will continue to exist in the future.

On this basis, we can promise the voters that we will promote in every way possible the realization of the idea of a national state. We attach especially important significance to the concept of "family production." This is very characteristic of Armenia: Every family is a separate cell of production. We believe that this is the best means of doing away with unemployment and simultaneously to preserve historic traditions, and in addition, this will allow us to do away with the shameful practice of giving out alms in the guise of assistance, and will certainly strengthen the family and yield a healthy generation. This will truly by worthy of man and citizen.

We can also promise to strive for a situation where the state itself should not build, should not create, but should precisely govern. It is necessary to create an entire methodological school of scientific government, which will give us real prospects for development.

National Democratic Union Platform Detailed

954F2684A Yerevan RESPUBLIKA ARMENIYA in Russian 29 Jun 95 p 2

["Basic Propositions of the Election Program of the National Democratic Union"]

[FBIS Translated Text] In accordance with the decision of the Central Election Commission for the Election of Deputies of the National Assembly of the Republic of Armenia of 24 May "Procedure of Campaigning of Candidates for Deputy of the National Assembly of the Republic of Armenia" and the schedule established by the same commission, RESPUBLIKA ARMENIYA today begins the publication of the campaign material of the social and political organizations and associations

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taking part in the elections according to the proportional principle.

We would recall that the material is made available to the Central Election Commission by the organizations themselves. The newspaper publishes them without editorial interference.

Path Trodden by the NDS

The National Democratic Union (NDS) was formed in 1991, when within the leadership of the pannational movement a majority was obtained by a direction which consistently sacrificed the tasks and democratic principles enshrined in the movement's program to the principles of "power at any price." Recognizing the danger of this direction for Armenia, the part of the leadership of the pannational movement which remained true to the national and democratic values of the pannational movement withdrew from the AOD [Armenian National Movement] at its own volition and on the initiative of Vazgen Manukyan and David Vardanyan created the nucleus of the National Democratic Union.

Processes thanks to which unprecedented historical conditions for the free development and prosperity of Armenia have arisen are taking place in the world today, but, despite this, our country is rapidly sliding backward. Unless we manage to emphatically change the situation, free ourselves from the present administration, revise our economic, social, and national policy, ensure national cooperation, and establish a domestic moral atmosphere and order, we will continue to follow a path without any light at the end of it.

The NDS is fully resolved to change the situation, relying on the will of the people and cooperating with all capable forces. We present our ideological principles of strategic significance and the immediate tasks which our deputies will endeavor to accomplish in the National Assembly.

Vazgen Manukyan, Arshak Sadoyan, David Vardanyan, Shavarsh Kocharyan, Seyran Avagyan, Semen Bagdasaryan, Lyudvig Khachatryan, Filaret Berdikyan, and others, who constitute the nucleus of the NDS, are well known to the people both for their struggle in the Supreme Council and for hundreds of constructive proposals and also for the results of their activity at the most decisive moments for the Republic of Armenia and Artsakh.

We shall mention just some of the proposals which, in the form of drafts, were first presented and defended in the Supreme Council by deputies from the NDS:

recognition of the NKR [Nagorno-Karabakh Republic] (1991) and exposure of the policy of the executive authorities and the AOD of the return of Artsakh to Azerbaijan and its prohibition by a decree of the Supreme Council (1992);

the evaluation of the adoption of the law on the powers of the president as the start of a process of the establishment of a dictatorship, justification of the need for a parliamentary constitution for the Republic of Armenia, and exposure of the anticonstitutional nature of the powers of the president of the Republic of Armenia (1991);

the draft law "The Supreme Council" as a counterweight to the powers of the president of the Republic of Armenia (1992) and the draft reform of a professional parliament (1992);

a collective political program of a way out of the current crisis—the creation of a provisional government of national unity, early elections of the Supreme Council, a program of measures to stabilize the situation, the adoption of a democratic constitution, and new elections (1993);

a sharp rise in pay and pensions (1992), a minimum sustenance basket (1992), the return to the population of the savings bank deposits (1992), 8-12 hours a day of electricity for the public, and substantiation of the possibility of this (1994);

the elimination of illegal structures and positions (regional police chiefs) and regional and branch authorized representatives and the banning of illegal taxes (1994);

a fight against the establishment of a government monopoly on radio and television and the policy of the hounding of a free press (1992);

the revaluation of state property due to be privatized (1994), a simplified tax system, and a tax amnesty (1993);

the need for state protection of the trampled rights of the Armenians of Abkhazia (1992).

In many cases the consistent struggle of the NDS had no tangible results owing to the opposition's lack of numbers in the Supreme Council. But the NDS was never reduced to despair by the unproductive work of the Supreme Council, recognizing that the people would have the final say. At demonstrations and meetings in various parts of the Republic of Armenia and by hundreds of articles and interviews, availing itself of the rostrum of the Supreme Council, the NDS maintains constant communication with society. Every conceivable obstacle, unconcealed pressure, and attempts at terror were unable to force the NDS to retreat or reconcile itself to the situation.

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Ideological Principles

The National Democratic Union has set itself the task of realization of the cherished aspirations of our people—to restore the lost statehood, create a unified system of national structures, and return to the political arena as a strong world nation. To build a state in which each individual is free and protected and proud of his freedom, national being, and statehood. The Armenian should live in a free and law-governed society based on morality and national values and those common to all mankind and ensuring a real opportunity for creative labor and a happy life. Being a world nation means to win under the conditions of competition and cooperation foremost positions among nations and to enrich human civilization with new ideas, thinking, and values.

We are an ancient people with our own unique and developed culture and were the first to adopt Christianity as the state religion. Having been subjected to persecution down the ages, we have acquired an exceptional capacity for resisting adversities, helping one another, and organizing ourselves. Settled by the will of history throughout the world, we have made a big contribution to the development of other peoples also.

Being at the very sources of world civilization, our people thereby alone have given much to mankind and have learned much. A people that was not broken even by unprecedented genocide deserves and has every opportunity to become a world nation.

Proceeding from this reality, the NDS is guided by the following ideological principles:

1. All parts of the Armenian people have identical supreme interests;

2. The Armenian people, like any people, have their own special mission as regards human civilization, and the guarantee of its realization is the self-organization of the nation;

3. In the accomplishment of national tasks the Armenian people, cooperating with other peoples, rely primarily on their own forces;

4. The all-Armenian spiritual and cultural center is the Republic of Armenia, which must assume its obligations in the preservation of the nation, defense of its gene pool, and guarantor [as published] of general development;

5. While accepting that the emergence of the diaspora was a result, mainly, of the genocide of 1915, which deprived our compatriots of a chance to live in their historical motherland, and recognizing that the Ay Dat is the national mission of our entire people and that recognition of the genocide for Armenians of the diaspora is also a question of law, the NDS believes that the extent of the state's participation in a solution of this question should depend on the actual interests of both national and state interests [as published];

6. The initial condition for the realization of national aspirations is the state, and the guarantee of the spiritual and material well-being of individuals, the defense of man's rights and liberties, and the healthy and normal operation of the system of government is democracy;

7. The source of economic development and the greatest revelation of the capabilities of the individual is the application of the principles of realism, which does not relieve the state of social obligations.

Guided by the propositions of these principles, the NDS finds that the main task of national policy in the coming decades should be the maximum use of that which is born of the strengthening independent statehood, the controlled activity of the nation as a single whole, and the creation of national (world) structures ensuring purposive development.

Immediate Tasks

The NDS believes that the implementation of economic reforms does not relieve the state of its social obligations in regard to the population and the elaboration of long-term and priority programs and also its duty to implement them with the aid of the corresponding economic, financial and credit, and tax policy. The primitive liberal monetary economic model, of which the present government is the ideologist and practical exponent in the worst way, is leading to the conclusive destruction of Armenia's industry.

On the other hand, the efficient realization of economic reforms and the full-blooded accomplishment of social tasks is possible only under the conditions of the democratic political structure of the state.

1. SEPARATION OF POWERS: To restore the role of the National Assembly as a counterweight and control authority over the executive, adopt laws on the government and local government, and undertake reform providing for the real independence of the judicial authorities.

2. CONSTITUTIONAL ORDER: To strive for the adoption of a constitution based on the parliamentary form of rule. To fundamentally improve in parallel the law on elections to the National Assembly, and after the constitution has been adopted, to conduct elections of a new, professional National Assembly.

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3. THE ARTSAKH PROBLEM: Recognition of the Nagorno-Karabakh Republic, a strengthening of defenses, and the achievement of peace by way of negotiations without conceding the independence of the Nagorno-Karabakh Republic.

4. FOREIGN RELATIONS: A close relationship particularly with Russia and the other states of the CIS, diverse relations with our eastern neighbors, particularly Iran, and balanced relations with Western countries.

5. THE ARMY: To improve the social conditions of the men and officers, raise the moral-psychological level of the army, investigate in legal form all instances of violence against servicemen, and put an end to illegal forms of the draft. Army service is a duty of the citizen of the Republic of Armenia, and the Armenian Army must always be ready to operate against an external enemy, not its own people.

6. FREEDOM OF THE PRESS AND SPEECH: Removal of the government monopoly on radio and television and the establishment of criminal liability for impeding the operation of the independent and the party press.

7. DUAL CITIZENSHIP: To establish in legislative form the right of overseas Armenians to dual citizenship, having ensured the proportionality of their rights and obligations.

8. PUBLIC SERVANTS: To adopt a law on public servants which on the one hand defends them against the arbitrary action of the authorities and guarantees their performance of their duties regardless of a change in the political forces in the upper tier of government and, on the other, establishes demands concerning experience and professional knowledge for tenure of the corresponding office and also the liability for abuse of official position and illegal actions. To raise the pay of public servants and require them every year to submit a public statement of income subject to verification. To reduce the machinery of state by 40 percent.

9. STATE OBLIGATIONS:

to ensure for all free health care and elementary and secondary education and also higher education on a competitive basis; paid medicine and education must not be developed at the expense of their public counterparts;

the granting to peasant and collective peasant farms of long- term credit and an easing of the tax burden on them and the enshrinement in legislation of state obligations regarding their provision with water, toxic chemicals, and equipment;

formalization of the deposits of citizens of the Republic of Armenia frozen in the Savings Bank of the former USSR as public domestic debt (10 Soviet rubles to the dollar) and its gradual clearance, starting 1996, having fixed a particular timeframe for final cancellation;

to set the amount of the minimum wage not lower than the amount of the minimum sustenance basket, which should be enshrined in law, and, prior to the adoption of the law, to set the minimum wage at an amount the equivalent of $10;

to qualitatively improve the efficiency of the state system of social protection of the needy strata of society—the handicapped, retirees, children;

to immediately establish 10-12 hours of electricity supply and, after the startup of the nuclear power plant, to increase it;

to prevent a collapse of the research system and stimulate the development of the branches which are traditional for Armenia and prospective ones.

10. THE ECONOMY, TAXES:

to devise programs of economic development that afford an opportunity for the creation within two years of new jobs and the achievement of a wage equivalent to $120;

to establish control of the receipt and use of foreign credit;

to undertake privatization with the supremacy of the law under conditions of glasnost and public control and to regulate in legislation the procedure of valuation of the properties to be privatized;

to adopt a law on the inviolability of private property;

to create favorable conditions for those involved in the output of small enterprises;

to temporarily switch to a simplified system of fixed taxes, having created favorable conditions both for those involved in private enterprise and for branches of industry which are promising for Armenia;

The 5 July elections could be for our people a first step on the way to a decent life and prosperity.

A victory for the opposition forces at the National Assembly elections is a preliminary condition of this most important cause, and the rejection of a "constitution" enshrining the power of the present administration and the people's bondage, a political problem of the present.

The NDS is confident that, thanks to the thousands of votes of its sympathizers, it will occupy a ponderable place in the National Assembly and change the political atmosphere appreciably in the direction of positions working for the well-being of the nation and a good future.

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[Signed] NDS Board

Dear Voter!

On 5 July we expect to see you at the polls in the hope that you will vote for the NDS and will

EMPHATICALLY

mark the "YES"

and say "NO"

to the draft dictatorial, antipopular constitution.

[Signed] Vazgen Manukyan, Arshak Sadoyan, David Vardanyan

NPGS Presents Appeal, Platform, Candidates

954F2685A Yerevan RESPUBLIKA ARMENIYA in Russian 29 Jun 95 p 3

[Statement of the Scientific-Industrial and Civic Union [NPGS]: "We Are a Real Alternative"; "Appeal"; "List of Candidates for Deputy of the National Assembly"; and "Preelection Slogans" of the Scientific-Industrial and Civic Union]

[FBIS Translated Text] In the summer of 1994, when already it had become clear that the actions of the present government were steadily pushing Armenia toward destruction, prominent specialists in the sphere of industry, economics, agriculture, education, science, culture, and legislation, as well as personnel in state and law enforcement organs, established an anti-crisis program and instituted a nonparty, sociopolitical organization to implement it. It would seem the government should be interested in cooperation with us. But...

Actuality has forced us to participate in the elections, insofar as this program, drawn up by specialists who have united around us, is aimed at developing the well-being of the country and its people, not at enhancing the riches of a group of people. Accordingly, it is unacceptable to the present leadership. We represent a serious danger to these amateur leaders. It is precisely for this reason that Gagik Grigoryan, director of the Selen plant and chairman of the board of the Scientific-Industrial and Civic Union, was thrown into prison, and Dmitriy Atbashyan, one of our finest aviation specialists, remained unjustifiably accused and under arrest for half a year.

The current leadership has denied a significant portion of our candidates the right to participate in the elections, knowing full well exactly how the people will cast their votes in the event a fair election is held.

It is a simple fact that in elections by party slate, it is 10 times more difficult to win a deputy seat. But we are obligated to continue the struggle—as proof that there exists a real alternative both to the current policy and to those who are implementing it. We, like our people as a whole, have but one Motherland, and not 10. Nor do we have 10 years to save it.

APPEAL of the Scientific-Industrial and Civic Union of Armenia to the Citizens of the Republic of Armenia

Fellow countrymen, how many times have the Armenian people found themselves in a situation most grave over the course of our centuries-old history?

Under cover of democratic slogans, our country has been transformed into an authoritarian police state.

Because of the irresponsibility of the authorities in an atmosphere of complete ignorance, as a result of the tyranny of a small group of people guiding their actions according to the well- known principle "Divide and rule," we have become a much more dependent country than before. We have become a country:

—with a non-functioning, looted industry;

—with an agriculture pulverized as a result of ill-considered land reform;

—with a destroyed system of education, science, and culture;

—with hundreds of citizens having abandoned their Motherland out of hopelessness and need, with a tremendous outflow of intellectual potential;

—with a reduced birth rate and increased mortality rate;

—with violations of human and civil rights approaching a level of impudence.

We are well aware of all this and much more. As a result, our lives have turned into endless torment and a constant search for bread, light, heat, and a struggle to survive under conditions of "market" robbery.

Having once overcome colossal difficulties through the efforts of its finest sons and of all the people, Armenia became a country of industry, advanced technological thought, and progressive culture.

But the responsibility for today's wretched situation lies with the current authorities. Do not believe their "objective" and "subjective" justifications. People who have assumed responsibility for the country's future must be accountable for their actions— first and foremost to the people, whose dignity and national traditions have today been violated.

Finding ourselves in such a critical state, we see as our only way out the unification of creative and constructive forces of society, joint activity not dependent upon party

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affiliation, the combined efforts of all professionals in the name of triumph of concept and action.

It is with this aim that the Scientific-Industrial and Civic Union was created—a nonparty association of individual citizens and diverse social and sociopolitical organizations. It unites people who are disturbed at what has befallen their Motherland, people who sense a responsibility for their country's future. This is an association capable of assuming the mission of seeking and developing ways of accomplishing priority programs aimed at extricating the republic from its present impasse.

The Scientific-Industrial and Civic Union advocates:

a) the creation and consolidation of a strong Armenian state, real separation of powers among the various branches of authority;

b) loyalty to the loftiest historic values, preservation and enhancement of our national heritage;

c) formation in the country of a civic society, the legislative anchoring of human rights and the fundamental right to a life with dignity;

d) undisputed preservation of state property, primarily with respect to enterprises of the military-industrial complex, life sustenance and public health facilities, and the one-time destatization and privatization of small- and mid-size facilities in industry and the services sphere;

e) guarantees of free competition among state and private enterprises, a state policy providing incentives to private entrepreneurial activity;

f) soonest possible reform of judicial, tax, and customs services, immediate adoption of a law protecting investments and other vitally necessary laws;

g) legislative stipulation of a citizen's right to labor, cessation of the leak of intellectual potential and material valuables out of the republic.

In the sphere of foreign policy, the Scientific-Industrial and Civic Union advocates accomplishment of the following fundamental objectives:

a) the swiftest possible, just resolution of the Karabakh issue, the one and only preliminary stipulation being that Nagornyy Karabakh constitute a sovereign state;

b) the restoration of close economic ties with all friendly states, cooperation with all spiritually close peoples in the sphere of politics and culture.

We invite the cooperation of all for whom the Motherland is dear and indispensable, all whose apprehension at the present state of affairs is in harmony with our goals, all who are professionally competent.

In unity lie the strength of our people, their present and their future, the might of our Motherland.

Listing of Candidates for Deputy of the National Assembly From the Scientific-Industrial and Civic Union of Armenia

1. RAFAEL KAZARYAN—member of the Presidium of the Supreme Council of the Republic of Armenia, chairman of the Commission on Science, Education, Culture, and Language

2. SUREN ZOLYAN—secretary of the Supreme Council of the Republic of Armenia Commission on Artsakh Issues, professor at Yerevan University

3. ASHOT MANUCHARYAN—unemployed

4. AGASI ARSHAKYAN—deputy chairman of the Supreme Council of the Republic of Armenia Commission on Human Rights

5. GRANUSH KHARATYAN—department chairman, Department of Ethnography, Yerevan University

6. FLORA NAKHSHKARYAN—editor in chief of the newspaper GOLOS ARMENII

7. ARMEN OGANESYAN—publicist

8. DMITRIY ATBASHYAN—IL-86 airline captain

9. VAAGN YEDIGARYAN—deputy chairman of the board of the Scientific-Industrial and Civic Union

10. ARAM MARTIROSYAN—secretary of the Scientific-Industrial and Civic Union Council

11. EDUARD MAMIKONYAN—state arbiter of the Republic of Armenia

12. MIKHAIL VERMISHEV—expert, Engineering Academy of the Republic of Armenia, candidate of technical sciences

13. MANUK GASPARYAN—chairman of the Orion enterprise

14. LEVON AKOPYAN—lecturer, Yerevan Engineering University

15. ALEKSANDR AGAMALYAN—chairman of the Union for Cooperation With Spiritually Close Peoples

16. DAVID ARUTYUNYAN—principal of School No. 196, city of Yerevan

17. STANISLAV BABAYAN—chairman of the board, Yerevan Commodities and Raw Materials Exchange, candidate of economic sciences

18. SUREN KHUDAVERDYAN—lecturer, Yerevan Engineering University

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19. ARSEN AYRYAN—recuperation center chief physician, Armmash, doctor of medical sciences

20. ROBERT DALTOYAN—lecturer, Yerevan Engineering University

21. VIKTOR SOLAKHYAN—department head, Yerevan Commodities and Raw Materials Exchange

22. TATYANA KONONOVA—board member of the Russia society

23. GASAN TAMOYAN—deputy chairman, Yerevan Engineering University

24. ROBERT SHAMIRYAN—lecturer, Yerevan Engineering University

25. EMMA GASPARYAN—lecturer, Yerevan Engineering University

26. KARAPET KHACHATRYAN—member of the Scientific-Industrial and Civic Union Council

27. VLADIMIR POGOSYAN—TU-154 pilot

28. ASHOT OGANESYAN—cardiologist, Scientific Research Institute for Cardiology, candidate of medical sciences

29. SERGEY ARUTYUNYAN—teacher, School No. 191, city of Yerevan

30. SUREN DARBINYAN—department chairman, Yerevan Institute for Architecture and Construction, doctor of physics and mathematical sciences

Preelection Slogans of the Scientific-Industrial and Civic Union of Armenia

The state belongs to the people.

Not one overt or disguised AOD [Armenian Pannational Movement] person in the National Assembly.

No to the totalitarian constitution. A new constitution is the prerogative of the legally elected National Assembly.

Inventory, registration, receipt, and issue of state and public assets.

Hold plunderers and saboteurs liable.

A republic-wide census on 9 January 1996.

"Ay dat" [the Armenian question]—the reference point and cornerstone of foreign policy.

Representatives of ethnic minorities in Armenia are citizens with equal rights.

Order and legality in the economy comprise the guarantee of stability in society.

An end to legal anarchy.

Open declaration of the incomes of responsible officials in high positions.

No to the policy of criminalization of society.

Industry is our present, science, our future.

Provide state support to the peasants.

Spiritual and cultural values are eternal for the people.

Free education, free health care.

No to the hazing and mistreatment of military recruits.

The independence of the state is power energy, the economy, and civic freedoms.

We must solve political murders and expose economic crimes.

The state is obliged to protect mothers and children, pensioners and the disabled.

We must devote special attention to the families of those who have perished and other casualties of war.

A just resolution to the problems of investors.

NPGS Candidate Linked to Shooting Incident

954F2682B Yerevan RESPUBLIKA ARMENIYA in Russian 29 Jun 95 p 1

[Article by A.Kh. under the "Nonsense" rubric: "Why Was the ARAVOT Newspaper Not Published?"]

[FBIS Translated Text] Yesterday the latest issue of the newspaper ARAVOT failed to come out. According to the editor in chief, Mr. Abramyan, workers at the printing house explained this fact by saying that the second page had unexpectedly disappeared without a trace. Meanwhile, it was on exactly this page that it was planned to publish a piece entitled "Trade Plus Politics?" We will cite its contents in their entirety.

"Yesterday in the hall of Children's Polyclinic No. 2 in Zeytun, Manuk Gasparyan, a candidate for deputy registered in Electoral District No. 50, met with voters. The event had just begun when he was approached by another candidate—Agasi Manukyan, who proposed that they conduct the meeting jointly. At this time, an argument erupted among the people who had gathered in the hall and in the street, which developed into a brawl; a pistol shot rang out, as a result of which a chance passerby was wounded in the left arm and side. According to the testimony of those present, the shot was fired by a 'bodyguard' of Manuk Gasparyan, and the argument, evidently, had arisen between supporters of the two deputy candidates. Several of those present assert that it was M. Gasparyan himself who fired the

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shot, adding that after the shot, he handed the pistol over to his 'bodyguard.' 'A candidate for deputy fired at voters,' people say.

"According to reliable information, Mr. Gasparyan was appearing for the first time as a member of the Scientific-Industrial and Civic Union [NPGS]; he subsequently announced that he was not affiliated with any party, but several days later appeared on television—again as a member of the NPGS.

"The police have set about their duties.

"We will try to inform our readers on the progress of the investigation."

In no measure asserting that the "loss" of the second page of the newspaper ARAVOT was occasioned by a desire to conceal from its readers the given information, we at the same time imagine that the whole story will be interesting to the readers of RESPUBLIKA ARMENIYA as well. The editorial board is convinced that the first page of our newspaper, upon which we plan to publish this material, will not be lost.

Detention of Former MVD Officers Examined

954F2664A Yerevan VREMYA in Russian 28 Jun 95 p 1

[Article by Artem Yerkanyan: "The 'Dissenting' Colonels Under the 'Anti-Soviet' Article"]

[FBIS Translated Text] What is actually to be made of the "colonels affair," one can only guess at this point. Few people know what is really behind the attempt to charge its victims with "undermining the state foundations of the country."

It all began 21 June—the day after the speech at an opposition rally of Leva Galstyan, the leader of a charitable organization of former MVD [Ministry of Internal Affairs] officers, who in 1990 occupied the post of minister of internal affairs. Several dozen storm troopers, armed to the teeth and in black masks, conducted a pogrom in the organization's office, which is located on Natbandyan Street. They presented no procurator's arrest and search warrant. According to information summarized by Agasi Arshakyan, chairman of the Scientific-Industrial and Civic Union [NPGS], more than 20 people in all were detained, of whom 11 were officers who had at one time occupied significant posts in the MVD structures—colonels and lieutenant colonels. At a press conference called yesterday, the NPGS leader shared with journalists the information that was available to him, which was based on the testimony of the victims of the incident themselves, of their relatives, and of witnesses to what had happened.

Eight of the 11 detained officers, released on the night of 23-24 June, asserted that the interrogation had been conducted with the active participation of Minister of State Vazgen Sargisyan, who distinguished himself not only by threats, but also by physical abuse. According to Arshakyan's information, Sargisyan personally participated in the cruel beating of the 58-year-old Eduard Agababov, as a result of which the latter's lip was torn and his legs injured; former deputy minister of internal affairs Karlen Torosyan, who received an injury to the face from a blow with a stool; Zhora Grigoryan (fractures of the extremities); Garnik Markaryan (severe head injuries)....

On the 22d, the detained men were transferred to the Martuninskiy Rayon internal affairs department. News of this attracted dozens of protesting citizens to the ROVD [rayon department of internal affairs] building. The heads of the MVD investigative detention center refused to accept the officers who had been taken back to Yerevan. This fact is explained by Arshakyan as a manifestation of the negative reaction of Vano Siradegyan toward the actions of the people led by Vazgen Sargisyan.

On the evening of 23 June, Deputy Minister of Internal Affairs Ayk Arutyunyan met with some of the detained officers; the former expressed his regret for what had happened, and, having apologized, asked that they not spread the incident around. The undesirability of the information getting out of the country was especially noted. Far from everyone agreed with the suggestion that they hold their tongues....

The released 11 officers [as published] know nothing of the fate of their three friends (Karlen Torosyan, Zhora Grigoryan, Garnik Markaryan). But Agasi Arshakyan has information that they have been charged with Article 65, well known from the times of the dissident trials, which punishes actions directed at the undermining of the state foundations.

In what, exactly, the attempts to undermine the state foundations were manifest is a question upon which official sources do not wish to expound. The officers' public defenders are also avoiding a direct answer to the question of how, exactly, the liberty of oppositionally minded retired colonels threatened the ruling regime.

Public Opinion of Press Freedoms Reported

NC0207170695 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 1209 GMT 2 Jul 95

[FBIS Transcribed Text] Yerevan ("Golos Armenii" daily), 07/01/95 — Youth Analytical Center of the Yerevan State University Department of Applied Sociology

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carried out investigations of public opinion about freedom of press in Armenia.

According to the survey, 26 percent of questioned, mainly young people in the ages of 18 to 39, believe there is a variety of newspapers in our society, and this is a guarantee for reliability of information.

The rest of the questioned consider there is no sufficient variety of newspapers, and the existing ones are used for inter- party quarrels (60 percent).

A number of periodicals have been closed down in Armenia during the last year. Meanwhile, violence has been commenced to the staff of newspapers. 20.4 percent of questioned relate this with the elections and political games. 47 percent are sure that with the elections to National Council coming close, there will be more violence to journalists. 14.5 percent believe that violence has become possible because of absence of legality and legal insecurity of victims. 21 percent consider this was a result of suppression of freedom of speech, an attempt to hide the real situation which may be revealed with active operation of journalists. 6.2 percent believe there is no need to find out all the objective information and journalists should not go where they are not required since the authorities will disseminate information when needed.

Azerbaijan

Aliyev Condemns All Forms of Terrorism, Separatism

LD3006181195 Moscow INTERFAX in English 1510 GMT 30 Jun 95

[From the "Presidential Bulletin" feature compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] Bucharest, 30 Jun (INTERFAX) — Azerbaijan's leadership supports all measures undertaken by Russian President Boris Yeltsin to stabilize the situation in the country, especially due to the events in Chechnya and terroristic act in Budennovsk President Geydar Aliyev declared at the meeting with Russia's First Vice Prime Minister Oleg Soskovets in Bucharest Friday.

"We condemn terrorism and separatism in any forms," Aliyev underlined. In his words, Azerbaijan wishes for strengthening stability in Russia.

As Soskovets reported to journalists in the course of his conversation with Aliyev the officials have also discussed issues "of geopolitical future of two states."

Aliyev Begins Official Visit to Romania

Meets With President Iliescu

LD0107135495 Moscow ITAR-TASS World Service in Russian 1211 GMT 1 Jul 95

[By ITAR-TASS correspondent Nikolay Morozov]

[FBIS Translated Text] Bucharest, 1 Jul (ITAR-TASS) — During talks the Azerbaijani President Geydar Aliyev and Romanian President Ion Iliescu came to the common conclusion that bilateral relations need to be spurred on.

Aliyev, who is head of his country's delegation at the meeting of the countries participating in the Black Sea Economic Cooperation meeting which has ended here, has begun an official visit to Romania today.

During the talks it was noted that close economic ties existed between Romania and Azerbaijan, with the mediation of Moscow, until 1989, especially in the fields of machine building as well as in oil extracting and oil refining. This experience can be used now in renewing trade and economic relations between the two countries. The sides agreed to promote Romanian and Azerbaijani ties in this field by encouraging contacts between both private and state companies.

On Sunday [2 July] the two presidents will sign a political statement, and they will also conclude trade and cultural agreements. Work should is expected to be started on the agreements on avoiding dual taxation and on the mutual encouragement of investments.

Signs Agreements, Holds News Conference

LD0207114395 Moscow ITAR-TASS in English 1119 GMT 2 Jul 95

[By Nikolay Morozov]

[FBIS Transcribed Text] BUCHAREST, July 2 (ITAR-TASS) — Azerbaijan's head of state Geydar Aliyev finished his official visit to Romania today.

The visit was ended by the signing of a friendship and cooperation agreement and trade and culture agreements.

Aliyev and Romanian President Ion Iliescu held a news conference.

Iliescu said the recent Bucharest meetingg of Black Sea states was a factor in their intergration into the European and world economy.

Aliyev spoke of the damaging effect of the Nagorno-Karabakh conflict on Azerbaijan's economy and denounced any forms of terrorism and separatism.

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Aliyev said Azerbaijan's membership of the CIS was of economic nature. He said Azerbaijan's territorial integrity and sovereignty is the main term for its staying in the CIS.

Iliescu said Romania would not send its peacekeepers to Nagorno- Karabakh or any states, including the CIS.

Aliyev, Vacaroiu Seek Resumed Ties

LD0207132295 Moscow ITAR-TASS in English 1218 GMT 2 Jul 95

[By Nikolay Morozov]

[FBIS Transcribed Text] BUCHAREST, July 2 (ITAR-TASS) — Mutual striving to resume bilateral relations in the political, parliamentary and economic fields in keeping with the actual potential of the two countries was expressed during a meeting on Saturday between Romanian Prime Minister Nicolae Vacaroiu and Azerbaijan leader Heydar Aliyev, who is currently in Romania on an official visit.

The Romanian Premier pointed out the need to furnish a legal basis to substantiate the process, specifically to conclude a basic political treaty between the two countries, as well as agreements on the prevention of double taxation and on mutual protection of investments.

The leader of Azerbaijan expressed a desire to get acquainted with Romania's experience in making a transition to a market economy, emphasising that the recent Black Sea Economic Cooperation Area (BSECA) summit in Bucharest may give an impetus to the development of cooperation among BSECA countries.

Economic Downturn Tabulated

954F2652A Baku GUNAY in Russian 24 Jun 95 p 2

[Unattributed report: "Rate of Production Declines"]

[FBIS Translated Text] There is today evidence of a decline in the rate of production in Azerbaijan. Whereas in January of this year the gross domestic product (GDP) was 28 percent less than in January 1994, in five months the decline constituted 20 percent. In almost all branches of industry, except oil industry, a decline in productivity is observed. The oil workers fulfilled the plan for five months for oil and gas production. The production of diesel fuel compared with this same month of 1994 increased 2.7 percent, but for all other types of petroleum products, output declined.

In the past month the iron and steel branch failed to produce drill pipes, metal concentrate, or galvanized sheet. There was a 50 percent reduction in the manufacture of steel pipes and the production of aluminum, rolled nonferrous metals, and other products.

This situation was created owing to the absence of metal, which should have come from Russia by the North Caucasus Railroad, which is now practically inoperative.

In machine building the decline in production in January-May of the current year compared with the corresponding period of 1994 constituted 64 percent. Of the 58 main types of product, 28 were not produced by the enterprises.

The reason for the current critical situation is not only the shutdown of traffic on the North Caucasus Railroad but also the disruption of business ties and the acute shortage of metal, semi- manufactured goods, and components and also the difficulties connected with clearing payments with enterprises of the CIS.

In the chemical and petrochemical branches the rate of production in January-May rose 1.3 percent compared with the corresponding period of last year. The manufacture of synthetic resins and plastics increased by a factor of 1.8, polyethylene, 1.1, and propylene, 1.4. At the same time the production of synthetic rubber, sulfate, fiberglass, caustic soda, sulfanol, tires, industrial iodine, thermoplastic pipes, and conveyer belt has declined since the start of the present year.

At light industry enterprises the rate of production in five months compared with the corresponding period of the past year declined 19.7 percent. This situation in the branch has come about owing to the shortage of raw material and intermediate goods, the absence of a sales market, and the low quality and high price of the manufactured product. There was a decline in production of 56 percent in food industry.

The agricultural product declined 4.4 percent in the five months compared with the same period of last year.

As a result of the purposive measures that were adopted, inflation in May of the current year constituted only 4.1 percent, which was 51 points lower than was observed in December 1994.

That the wholesale price index is falling continually is positive—in January it stood at 136.5 percent, in May it had declined to 112.4 percent. Average pay in May in all branches of the economy constituted 60,500 manat, and on average for the five months, 49,000 manat, which is higher than the 1994 indicators by factors of 1.7 and 3.5 respectively.

In the period January-April exports amounted to $130.5 million, imports, $186.9 million.

The republic's foreign economic activity is characterized today by a minus result of $56.4 million, owing to

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gas imports from Turkmenistan costing $42.9 million included.

SOCAR Head on Oilfield Development

954F2652B Baku GUNAY in Russian 24 Jun 95 p 2

[Interview with Natig Aliyev, president of the State Oil Company of Azerbaijan, by Elmira Abdullayeva; place and date not given: "Time Will Determine the Choice"]

[FBIS Translated Text] The "oil topic" has constantly been at the center of the attention of the republic's news media as of late. But it so happens that attention has been paid mainly to problems of the "contract of the century," whereas Azerbaijan also possesses other promising deposits of valuable fuel in the Caspian, which include the Shakhdeniz and Karabakh oil-bearing areas, which are arousing foreign investors' interest also. What are the prospects of their being developed? How is the SOCAR [State Oil Company of Azerbaijan] tackling them today? These and other questions were broached in our correspondent's interview with Natig Aliyev, president of the State Oil Company of Azerbaijan.

[Aliyev] I agree that such promising areas of offshore oil production as the Shakhdeniz and the Karabakh have been overshadowed, as it were, by the "contract of the century." But this does not mean that the prospects of their development have been pushed into the background. I shall try to clarify the situation that has taken shape around the above-mentioned areas.

[Abdullayeva] Shall we begin with the Shakhdeniz?

[Aliyev] Certainly. A tender for its development will be announced in the very near future, possibly. The point being that no answer has yet been received from the Anglo-Norwegian BP-Statoil alliance to the exclusive right it was granted for negotiating with the SOCAR for the development of this area. Although the official timeframe of the contract ran out quite some time ago, a certain financial interest is, nonetheless, keeping our company from annulling the contract. All deadlines have already expired, as they say, but we shall not as yet be in any hurry to take radical steps.

I believe that there will be many foreign companies wanting to take part in the development of the Shakhdeniz. According to preliminary data, approximately 65 million tonnes of oil and 400 billion cubic meters of natural gas can be produced from this area.

[Abdullayeva] In a word, this remains an open question?

[Aliyev] I believe that it will be taken off the agenda very shortly.

[Abdullayeva] Will the fate of the Karabakh exploration area be clarified in short order?

[Aliyev] The situation here is as follows: The SOCAR has an agreement on its joint development with the Agip, LUKoil, and Pennzoil companies. Not a single well has been sunk in this area as yet, and there are in principle certain doubts as to the high efficiency of its development, although the geophysicists' data are entirely reassuring. This agreement is to have been modified, more accurate seismic prospecting is to have been conducted, and the economic profitability of this area is to have been conclusively determined within three months.

[Abdullayeva] A protocol between the Governments of the Russian Federation and the Azerbaijan Republic on the shipment of Azerbaijani oil over Russian territory from the Chirag-1 oil platform was recently initialed at a high level in Moscow. Is the "Georgian option" of the oil pipeline not ruled out in this case?

[Aliyev] Not in the least. As we know, an analogous agreement was initialed with the Government of Georgia also, but the final decision, which will be made on 2 October of this year, is up to the consortium.

In both versions the Governments of Georgia and Russia guarantee the security, reconstruction, and dependable operation the length of the "early oil" pipeline.

The terms of the protocol between the Russian Federation and Azerbaijan specify the creation of a working group, which will evaluate the state of the oil pipeline from Baku to Azerbaijan's border with Russia. Preliminary economic calculations have shown that the reconstruction of this part of the oil pipeline will require $45 million, which is to be found by the SOCAR, and the expenditure necessary for the reconstruction of the rest of the oil pipeline will be assumed by Russia. In addition, we have to agree on the rates for the shipment of oil with the Transneft. In any event, the oil pipeline will take the route that is economically the most advantageous.

Siyazan Oilfield Difficulties Outlined

954F2647A Baku AZERBAYDZHAN in Russian 23 June 95 p 3

[Article by Khandar Aliyev: "Siyazanneft Is at a Standstill, Because No One Is Helping the Oilmen"]

[FBIS Translated Text] The exploration of the oil and gas fields in Siyazan began in the 1930's. In September 1939, oil gushed forth from exploratory well Number 5 from a depth of 659 meters, thereby proving the industrial significance of these fields. More than 1,600 wells were drilled in the last 56 years in the Siyazan-Nardaran and and Zagly-Zeyva monoclines, from which 14 million tonnes of oil and 5 billion cubic meters of

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gas were produced. At the present time, there are 1,141 wells in the operational fund of the fields. However, only 840 of them are working, and the rest have already been under capital repair for a long time. The Siyazan oilmen now produce up to 220-230 tonnes of oil a day. If the 301 idle wells were operating, daily production would increase by 70-80 tonnes. Because of this, not one of the three Siyazanneft oil fields either in the last, or in the first quarter of this year met oil production targets. An unusual, sluggish situation developed in the oil extraction and drilling administrations. Oilmen have been unable to receive their wages for months at a time, and the absence of work is creating many problems. But it is not only this that is distressing: It is not in everyone's power to get to the Zagly-Zeyva fields in inclement weather over the ruined roads.

While in the fields, we tried to analyze the reasons for such a situation, and it was important to clear up one truth: Perhaps these deposits, which in 56 years gave 14 million tonnes of oil and 5 billion cubic meters of gas, exhausted themselves and are not in a condition to give oil in the required amount?. However, the facts indicate the opposite: In 1958 the daily production of oil amounted to more than 2,000 tonnes, which exceeds current indicators by a factor of 10.

Bakhrash AKHMEDOV, chief geologist of the Siyazan oil and gas production administration:

"In their subterranean structure and bedding, the Siyazan oil monocline is considered one of the rare ones in the world of deposits. That is, the oil strata under the ground are not laid out in a flat form here, in the form of lakes, but they stretch out from the depths to the surface like pointed rocks. We actually extract oil from wells drilled at the apex of these so-called pointed "oil rocks." Half a century of analysis, geological exploration, and, finally, information acquired as a result of drilling, corroborate that the oil and gas reserves in these oil fields are many times greater than was assumed. Some wells today give 5-6 tonnes of oil a day, as much as 20 years ago, when their operation was just started. In general the oil and gas reserves of these fields are large. I will add that the Siyazan-Guba monocline stretches along a 70-80 kilometer narrow strip. Up until now, the part of this sector close to Siyazan was explored. As early as the 1950's, positive results were received at the explored wells drilled in Zagly-Zeyva and Afurdzha. Now the main task is to conduct exploratory work at successful rates and to produce oil for the good of independent Azerbaijan."

Elman ABDULOV, chief of the Siyazan oil and gas production administration:

"The half century of success of the oilmen of Siyazan is well-known. Unfortunately, this cannot be said about our work in recent years. Although, such wealth in the current difficult situation is necessary to our independent state as never before. Oil is our strength, might, and glory. The present difficult situation in which our oilmen find themselves, who in the old days produced 2,000 tonnes of oil in a day, is no reason for pessimism, but, alas, this is the reality. Even in the difficult days of the World War II, our oilmen did not encounter such a situation. We know the productivity of our oil fields and individual wells very well. If a number of important measures will be taken at the state level, it will become possible to restore the production of oil at the level of the 1950's-1960's, and even to exceed it. Imagine, at the present time, because of the lack of equipment and spare parts, we cannot repair 301 wells. As a result, we lose up to 80 tonnes of oil per day. Instead of repairing the wells, capital repair crews frequently repair underground mechanisms that go out of commission. Mechanisms that are assembled from old parts go out of commission again after brief operation. Our warehouses, which were once filled with spare parts, machines, and assemblies, have become empty. The present situation is the result of the lack of supplies in recent years and of the lessening concern for the oilmen. Although, if there will be serious state control, it is possible to set up the production in the republic of a wide assortment of spare parts and mechanisms. Another difficulty in oil production in our fields is the curtailment of drilling and of putting new wells into operation."

The proposals of Abil Shukyurov, well-known at one time in the Union as an oilman and now the chief of the Siyazan drilling operations administration, can bring great benefit to the future of Siyazanneft. Taking this into account, we met with him.

"The organizational capabilities and the talent of Abil Shukyurov, the well-known driller in the Union, who also achieved great successes in 1993 in Azerbaijan, were not exhibited in practice either last year or this year. What is the reason?"

"There are many reasons. As a person who has worked long years in difficult Siberian conditions among representatives of other nationalities and who received recognition, I am troubled to the depth of my soul by the indifference of my fellow countrymen. I returned to my homeland after the events of bloody January 1990. My main purpose in life was to devote all of my strength to my people, to the state. I was appointed to this position in January 1993. In that year, instead of the 19 planned wells, I bored and put 26 wells into operation. Last year, the warehouses were emptied of spare parts, and the acquisition of new parts turned into a difficult

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problem. Therefore, instead of 20 wells, we were barely able to hand over 10 wells. The situation is even more depressing this year. Imagine, friends from Surgut were able to send 10 drills and, moreover, without compensation. But here when you ask someone for spare parts based on state interests...they do you the favor.

"Taking this opportunity, I would like to convey one request through the newspaper to the esteemed president. This is not only my request, it is the wish of all Siyazan oilmen. Despite his being busy, we ask the president to find the time to meet with us, the drillers.

"As a result of the great, intensive work of our president the 'contract of the century' was signed. However, this does not mean that we should give up our oil wealth in the land. If there is no drilling, of course, there is no increase in the stability of oil production. This year we are supposed to drill wells to 32,000 meters. But, given the equipment that is available to us, we will not be able to drill even half of this. Out of nine of our drilling rigs, only one works more or less normally—the operational life of the others expired a long time ago.

"During the two years after I arrived in Siyazan, I traveled along the 80-kilometer prospective zone. I held detailed conversations with specialists, and I studied archival materials. I am convinced of the great future of these fields and, in particular, the Zagly-Zeyva sector. If at least one-fourth of our problems will be resolved at the state level, oil will gush here. However, if measures will not be undertaken, production will fall to a lower level, professionals will lose their skills, and personnel instability will be noted. These facts have not become numerous yet—it is necessary to undertake urgent measures."

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Estonia

President Attends Economic Forum in Switzerland

Interested in Good Ties With Russia

LD0107100695 Moscow ITAR-TASS in English 0939 GMT 1 Jul 95

[By Konstantin Pribytkov]

[FBIS Transcribed Text] CRANS-MONTANA July 1 (Itar-Tass) — Estonian President Lennart Meri, participating in an international forum in the Swiss city of Crans-Montana, spoke of his republic's interest in normalising relations with Russia.

He said the following in an interview with Itar-Tass here on Friday [30 June]: "I'd like to do my best for relations between Estonia and Russia to be as good as our relations with Finland and Germany or as relations between Germany and Russia".

Expressing confidence that improvement "will take place with time", he enumerated spheres where positions of the sides differ.

The attitude to the Tartu treaty signed after the October revolution between Soviet Russia and Estonia is "the stumbling block", Meri continued. According to the president, Tallin is ready to conduct talks on "particular issues", but the republic cannot give up the treaty itself which is regarded as "evidence of Estonia's birth".

The Estonian leader reproached Russia that the latter does not abide by the 1992 treaty of free trade between the two countries "for political reasons". Russian "customs restrictions against Estonia are twice as high as those against other states", he claimed.

The president expressed satisfaction that another round of consultations between foreign ministry officials of the two countries took place recently and that Russian Deputy Foreign Minister Sergey Krylov will visit Estonia in the near future "to talk over unsettled problems on exact restoration of state borders between the two states".

"I had the pleasure of receiving the head of the border service, Mr. Nikolayev, with whom, I'd like to say it openly, I had a very nice and proper conversation. He understands the tasks of the state border."

Turning to security matters, Meri noted that "Estonia stated from the very first day of signing the "Partnership for Peace" programme that the republic sees in it its first step towards full membership of the North Atlantic Alliance".

Despite the disappearance of the Warsaw bloc, NATO, as before, plays its role, being an instrument of creating minimum state discipline on which it is possible to build normal interstate relations.

"I believe that I shall not make a mistake if I say: Russia itself is interested in having friends on which it can rely. Estonia would like the zone of stability in Europe to be dynamic and to create guarantees of security for Russia, in which every state is interested. In this connection, we welcome the fact that Russia has joined "Partnership for Peace".

President Returns From Switzerland

LD0307114795 Tallinn Radio Tallinn Network in Estonian 1700 GMT 2 Jul 95

[FBIS Translated Excerpt] Estonian President Lennart Meri returned from the Crans Montana conference in Switzerland. Koit Luus reports:

[Luus] [Passage omitted] President Lennart made an opening speech at the conference in which he touched on the issues facing a changing Europe in the context of the results of the Cannes summit. He warned against the dangers of overestimating democratic achievements and of unwillingness to face global problems. Meri sharply criticized the United Nations' activities in Bosnia. He said that the UN is totally unsuitable for handling the realities of the world today.

[Begin Meri recording] I think that the issues Europe as a whole is currently trying to resolve must be discussed much more seriously. Currently, Europe is trying to find itself — the change that has taken place in the world unfortunately caught Europe unprepared. The same applies also to the United States, where there are very strong tendencies toward self-isolation. These tendencies can tip this fragile balance in Europe to either side, with rather unpleasant consequences. [end recording] [passage omitted]

Foreign Minister Returns From EU Summit

WS2906133695 Tallinn BNS in English 1000 GMT 29 Jun 95

[FBIS Transcribed Text] Tallinn, Jun 29, BNS — Estonia's unequivocal support for the European Union's "white paper" shows that the Baltic country is strongly set on the road to becoming a full member of the union, Estonian Foreign Minister Riivo Sinijarv told BNS Wednesday [28 June] upon his return from the EU summit in Cannes.

In addition to Estonia, the "white paper" was backed by the Czech Republic. "Estonia and the Czech Republic were the two countries that both stated their support of the 'white paper' and emphasized its importance as an

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aid to help us to bring our affairs into line with the EU," Sinijarv said.

The EU summit approved the "white paper" Tuesday. The document deals with the strategy of East European countries' movement toward full membership of the bloc and includes recommendations for bringing their legislation and economy into line with the EU requirements.

Other associate members of the EU that participated in the Cannes summit dealt, unlike Estonia and the Czech Republic, more with imagined looming problems, the foreign minister noted.

"Estonia's strong support for the 'white paper' was a clear signal that we are working and trying to manage our affairs ourselves," Sinijarv declared. "Estonia and the Czech Republic demonstrated perhaps most clearly their preparedness to join the EU."

President Lennart Meri said Wednesday in an interview with the Tallinn-based KUKU radio that the bloc has not set in place a timetable for admitting new members.

He also affirmed the union has in no way divided associate members into groups according to their readiness to embrace full membership. "This was not touched upon in any of the documents adopted at the summit meeting nor in any conversation," the president said.

In Sinijarv's words, the EU member countries' leaders attending the summit in Cannes were excited to learn the Estonian Government on Tuesday sent the Europe Agreement for ratification in parliament.

Estonia signed the association agreement with the EU June 12. The accord has to be ratified by all 15 members of the bloc.

Agricultural Production Declines 14% in 1994

LD2906122895 Tallinn Radio Tallinn Network in Estonian 0900 GMT 29 Jun 95

[FBIS Translated Text] Estonia's gross agricultural output fell 14 percent in 1994 and amounted to 4 billion kroons, according to state statistics. Agricultural enterprizes produced 50.2 percent of the gross output, family farms produced 14.3 percent, and supplementary agricultural production of individuals accounted for 35.5 percent.

According to the Land Department, at the beginning of the year, there were 13,513 family farms in Estonia; their average size was 23 hectares. Among them, 1,093 farms were larger than 50 hectares. There were 1,070 agricultural enterprizes, cooperatives, state enterprizes, and supporting enterprizes at the beginning of the year.

According to state statistics, production of meet fell 17 percent and production of milk fell four percent in 1994 compared with 1993. In 1994, Estonia produced 69,350 tonnes of meat and 771,820 tonnes of milk. Estonia produced 46 kg meat and 515 kg milk per capita.

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